

United States Senate

WASHINGTON, DC 20510

August 25, 2020

Secretary Sonny Perdue
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Ambassador Robert Lighthizer
United States Trade Representative
600 17th Street Northwest
Washington, DC 20508

Dear Secretary Perdue and Ambassador Lighthizer,

Fair market access for American dairy farmers was a key pillar of the United States-Mexico-Canada Agreement's (USMCA) agriculture section. USMCA is poised to create new export opportunities for America's dairy industry and a more equitable playing field for American dairy exports in Mexico and Canada, but effective implementation will be critical to realizing these gains.

We share the same concerns – outlined below – as expressed in a recent letter sent to the Administration by our colleagues in the House.

Enforcement of USMCA's dairy provisions is critical, and we ask you to ensure compliance in the following areas:

- Canadian dairy commitment compliance:
 - Dairy Tariff Rate Quota (TRQ) Administration: One of the most pressing priorities is how Canada handles its USMCA TRQ commitments. Unfortunately, Canada's announced TRQ administration procedures appear to run counter to numerous USMCA provisions. Canada must administer its TRQs fairly and in a manner consistent with its obligations under USMCA; it cannot be allowed to administer TRQs in a manner that discourages utilization or restricts the ability of the U.S. dairy industry to completely fill the established TRQs at advantageous price points.
 - Elimination of Class 6 and 7: Another area of equally important concern is ensuring that the hard-fought benefits from USMCA's elimination of Canada's Class 6 and 7 milk pricing classes are fully realized. Canada must not be permitted to effectively recreate the harmful impacts of Canada's highly trade-distortive Classes 6 and 7 milk pricing programs. Canada must implement its commitments to eliminate these programs with full transparency, clearly establish prices for any new classes based on the end use of dairy products, and ensure that export surcharges for certain dairy products are implemented properly.
- Mexico common names commitment compliance:
 - Enforcement of Common Names Side Letters: There are important implementation issues for Mexico as well, namely the work needed to translate Mexico's commitments via two USMCA side letters pertaining to commonly used cheese terms into practice in its regulations so that all prior users' rights are upheld and that all the common cheese names specified under the agreement are respected.

Given the importance of these provisions to our dairy farmers and to American dairy exports, we ask that you use USMCA's enforcement measures, as appropriate, to hold our trading partners

accountable to their trade commitments. It is imperative that Canada and Mexico deliver upon their agreed upon commitments related to dairy products.

Sincerely,



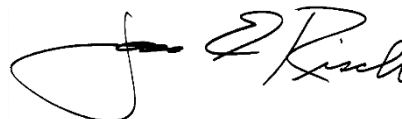
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United States Senator



Mike Crapo
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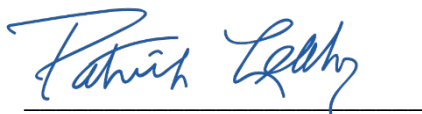
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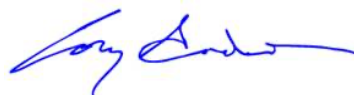
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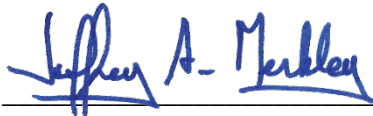
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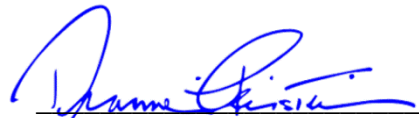
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