



June 10, 2019

The Honorable _____
United States House of Representatives
Washington, DC 20515

Dear Representative _____:

America's dairy industry is an economic force that employs nearly 1 million Americans, creates \$38 billion in wages for workers, contributes more than \$64 billion in tax revenue and directly pumps about \$200 billion into our economy.¹

Despite significant losses in market share due to trade disputes and uncertainty in the global marketplace, U.S. dairy achieved record exports in 2018, selling \$5.6 billion to customers around the world. From milk to cheese to whey to skim milk powder and everything in between, America's dairy industry has continued to innovate to maintain its position as the world's most reliable supplier of the highest-quality dairy products in the world.

But America's pole position as a dairy leader is in jeopardy. Four years of depressed milk prices and growing uncertainty in export markets due to unfinished trade deals and ongoing trade disputes have shrouded U.S. dairy in a dark cloud. Most recently, the threat of new tariffs on imports from Mexico – and the likely retaliation that would in turn ensue – further added to this harmfully risky environment. In fact, the U.S. Department of Agriculture recently found that the United States lost an average of seven farms every day in 2018.

Expanding marketing opportunities abroad, restoring certainty in our export markets and demonstrating that America is a reliable supplier are key to turning the tide and helping dairy farms and dairy businesses in every state continue to innovate and rebuild for today's marketplace.

The U.S. House of Representatives has an immediate opportunity to help support our future by moving the United States-Mexico-Canada Agreement (USMCA) forward expeditiously for a vote. The pending trade pact modernizes NAFTA and, if ratified, would pay dividends to the nation's dairy sector. Among its benefits:

- USMCA provides a \$277 million economic boost in U.S. dairy exports to our North American partners, according to the U.S. International Trade Commission.
- USMCA locks in existing access to Mexico – by far our biggest dairy export destination at \$1.4 billion in 2018 – and preserves our role as the market's key supplier.
- USMCA increases trade opportunities in Canada – providing much-needed access to a dairy market largely excluded from the current NAFTA.
- USMCA reforms and disciplines Canada's controversial milk pricing system, which was being used to erect roadblocks to U.S. goods and disadvantage U.S. producers.

¹ For state-by-state economic facts, visit <https://medium.com/dairy-exports-mean-jobs>.

- USMCA contains strong provisions on sanitary and phytosanitary measures and on geographical indications that can act as nontariff trade barriers.

Beyond USMCA, America is engaged in trade negotiations that will directly affect the future of farmers and dairy manufacturers from coast to coast. Resolving differences with China that have led to harmful retaliatory tariffs, swiftly forging a strong agreement with Japan that builds further on its prior trade treaties, and tackling our lopsided dairy trade deficit with Europe will all be of paramount importance. Individually, these issues seem unrelated, but collectively they very strongly underscore the need for a predictable, transparent and rules-based system of international trade that provides the agricultural economy with certainty and a clear path to growth.

However, we must tackle the most pressing item first: America's current trade agenda begins with passage of USMCA. Chances for passage of USMCA were greatly improved with the recently announced agreement to lift Section 232 metal tariffs and the associated retaliatory tariffs against U.S. food and agriculture, and we fear that failure to swiftly pass that pact could leave an unwanted impression that the U.S. cannot deliver on important international commitments agreed to with our trading partners.

On behalf of the dairy farms and businesses in your district, please pursue a USMCA vote without delay by working to resolve any outstanding issues as swiftly as possible and then quickly ratify the trade deal to send a clear message to the world that America still values fair trade and robust trade partnerships with our allies.

Sincerely,



Jim Mulhern
President and CEO
National Milk Producers
Federation



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



Michael Dykes
President and CEO
International Dairy Foods
Association