

United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510-6000
202-224-2036

January 27, 2023

Ambassador Katherine Tai
Office of the United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear Ambassador Tai,

Holding Canada accountable to its market access obligations to American dairy farmers under the U.S.-Mexico-Canada Agreement (USMCA) is of the utmost importance. Despite the Office of the U.S. Trade Representative (USTR) seeking consultations and a dispute settlement panel ruling in January 2022, Canada continues to prevent U.S. dairy farmers and manufacturers from realizing the full benefit of the dairy market access commitments Canada made in USMCA. As numerous rounds of consultations and the initial dispute settlement panel have not brought Canada into compliance, we ask USTR to request a second dispute settlement panel be established under USMCA.

Canada has utilized an array of policies in recent years to prevent the U.S. dairy industry from fully taking advantage of the additional market access agreed upon in USMCA. Notably, Canada has reserved parts of its tariff-rate quota allocations (TRQs) for domestic processors, undermining importers' access to the TRQs. A USMCA dispute settlement panel – the first established under the agreement – found as much in its ruling early last year. Unfortunately, Canada has wrongfully interpreted the panel's ruling and continues to deny market access to U.S. dairy producers in violation of USMCA.

Excluding retailers and food service operators from the TRQs, requiring an applicant be active in the market during the entire 12-month TRQ period, and failing to effectively re-allocate TRQs in a calendar year are policies Canada has been using to avoid its obligations to the U.S. under USMCA.

There has been no improvement in Canada's TRQ administration despite USTR's continued engagement. To bring Canada into compliance with its commitments to U.S. dairy producers, we urge USTR to move forward with a second dispute settlement case to implement USMCA's dairy provisions fully and properly to increase U.S. dairy market access.

Sincerely,



Debbie Stabenow
Chairwoman
Committee on Agriculture, Nutrition, and
Forestry



John Boozman
Ranking Member
Committee on Agriculture, Nutrition, and
Forestry