

Congress of the United States
Washington, D.C. 20515

July 22, 2021

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

Dear Ambassador Tai:

Thank you for the recent steps you have taken to enforce the U.S.-Mexico-Canada Agreement (USMCA) by initiating dispute settlement proceedings over Canada's failure to meet its dairy tariff-rate quota commitments outlined in the agreement.

Strong enforcement of the trade deal is critical to ensure Minnesota dairy farmers and dairy manufacturers reap the full benefits of the access promised into this important market. As the dispute settlement case moves forward to defend our rights in the market access space, we ask you to also closely monitor Canada's actions to implement the Class 7-related reforms USMCA put in place. In particular, we would like to draw your attention to Canada's dairy exports, as we have been hearing troubling reports that Canada is potentially using certain dairy tariff lines to circumvent USMCA's disciplines on their dairy protein exports.

Minnesota's dairy industry has a proud history and is vital to the economic health of the state's food and agricultural sector. Minnesota is top ten in the nation in both milk and cheese production and is fourth in the nation in the total value of manufactured dairy products, at \$5 billion. The state's dairy product manufacturing industry employs nearly 5,500 workers across more than 70 establishments. Moreover, exports are critical to Minnesota's dairy industry. The state is in the top ten nationally for dairy exports valued at over \$200 million dollars. Despite its proximity, the Canadian market accounts for only 9% of Minnesota's dairy exports. Full implementation and robust enforcement of USMCA's dairy terms will increase Minnesota's dairy exports, generating positive returns to our state's farmers and the many workers involved in producing dairy products.

Canada has recently been shifting production and exports toward greater use of a type of dairy protein not directly cited in USMCA's export disciplines on Canadian protein exports: milk protein isolates (MPI). We are concerned that Canada may be intentionally skirting the USMCA export caps on dairy proteins. Considering Canada's history of using dairy policies to give its industry an inappropriate leg up globally and USMCA's express goal of addressing that concern, we urge USTR to closely monitor Canadian MPI exports (Chapter 3504 tariff code) and to explore use of USMCA's dairy consultation provisions to address this circumvention further with Canada.

Thank you for your attention to this urgent matter, and please do not hesitate to contact our offices if we can be of assistance.

Sincerely,



Tom Emmer
Member of Congress



Pete Stauber
Member of Congress



Michelle Fischbach
Member of Congress



Jim Hagedorn
Member of Congress