

U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

Office of the U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20508

cc: U.S. House of Representatives, U.S. Senate

February 1st, 2021

Re: U.S. Government USMCA dispute settlement petition on Canadian dairy tariff rate quotas

Dear Secretary Designate Vilsack and Ambassador Designate Katherine Tai,
Dairy farmers and farm workers are fighting for their survival, literally and figuratively, while U.S. trade and agriculture policy is being leveraged against them for the benefit of corporate interests. COVID-19 has disproportionately impacted food chain and farm workers in North America, crippling corporate food system distribution and processing. After more than six years of sinking farm prices (often below the cost of production), mounting debt, and rising bankruptcies, these failures of the highly consolidated food system only added to the economic pain of family-scale dairy producers.

In the final days of 2020, the Trump administration exacerbated these challenges by filing the first petition for dispute settlement under NAFTA 2.0, or the U.S.-Mexico-Canada Trade Agreement (USMCA), aimed toward undermining Canada's dairy supply management system. This action, if implemented, [would imperil the livelihoods of Canadian farmers and unionized dairy processing workers](#), pitting U.S. dairy farmers against working families across the border.

Representing 21 farmer, worker, and civil society organizations in the dairy industry and broader U.S. food system, we are unified in opposition to the U.S. government petition against Canada, and we call on the Biden-Harris administration to rescind this action and instead advance strong worker rights protection and dairy policy reform policy in the U.S.

The U.S. government has been trying to dismantle Canada's federal and sub-federal supply management systems for years, not to benefit U.S. farmers or workers, but rather corporate dairy interests. During the final USMCA negotiations in 2019, the Trump administration touted the free trade agreement as a "win" for struggling U.S. dairy producers, because Canada had conceded a limited increase in market access under significant political pressure. Independent U.S. dairy

producers [rejected this use of trade policy](#) to undermine farmer and worker livelihoods abroad (see [here](#) and [here](#)). Nonetheless, the U.S. and Canadian governments settled on a compromise, embodied in Chapter 3 of the trade agreement, which outlines a system of “tariff rate quotas” (TRQs) that require Canada to import more milk protein concentrates (MPCs, a low-cost ingredient often used in the manufacture of cheese and yogurt). Ottawa published a breakdown of TRQ “allocations” in mid-2020, the Trump administration disputed them, and began the process of USMCA dispute settlement, alleging violations of the market access concessions. The Biden-Harris administration has now inherited this dispute process, with both governments currently in consultations.

Continuing to pursue this complaint is clearly out of step with the new administration’s stated commitments to reform the U.S. trade agenda to be pro-worker rather than a business as usual approach that actively favors multinational corporations. This is an issue for dairy workers and farmers in both Canada and the U.S. Similarly, the Biden-Harris administration must also recognize the significant economic toll that the last three decades of U.S. trade policy has taken on independent, family-scale food producers in the U.S., particularly in the dairy sector. This is the moment for the administration to direct USDA and the USTR to change direction: instead of undermining Canada’s dairy system, they should take a page from Ottawa's popular playbook. We call on them to work with dairy farmer organizations and Congress to design and implement dairy pricing reform and market management policies that protect small farmers, ensure fair prices, and support working families and thriving rural communities.

Independent dairy producers have long demanded these reforms. The Biden-Harris administration must cut ties with corporate dairy, heed this call for U.S. dairy policy reform, and take immediate action to strengthen worker rights and farmer livelihoods across North America.

Sincerely,

California Dairy Campaign

California Farmers Union

Campaign for Family Farms and the Environment

Community Alliance for Global Justice

Dairy Conference, International Brotherhood of Teamsters

Family Farm Defenders

Farm Aid

Farm and Ranch Freedom Alliance

Farm Women United

Food and Water Watch

Institute for Agriculture and Trade Policy

Iowa Citizens for Community Improvement

Land Stewardship Project

Missouri Rural Crisis Center

National Dairy Producers Organization

National Family Farm Coalition

Northeast Organic Farming Association - Vermont

Northwest Atlantic Marine Alliance

Rural Vermont

Washington Fair Trade Coalition

Wisconsin Farmers Union