

United States Senate

WASHINGTON, DC 20510

April 17, 2018

The Honorable Chrystia Freeland
Minister of Foreign Affairs
125 Sussex Drive
Ottawa, ON
K1A 0G2
Canada

Ambassador David MacNaughton
Embassy of Canada
501 Pennsylvania Avenue, NW
Washington, D.C., 20001

Dear Minister Freeland and Ambassador MacNaughton:

We write today concerning the North American Free Trade Agreement (NAFTA) and the need to address remaining trade barriers between the United States and Canada. In addition to supporting job creation in export-oriented industries, NAFTA has provided consumers in both of our countries with access to a wider variety of products at more affordable prices. As you know, we have significant interest in the ongoing NAFTA negotiations, and while some outstanding issues remain, we hope that all sides will continue engaging in good faith to produce a stronger, modernized agreement that benefits farmers, manufacturers, service providers, and most importantly, consumers.

Free trade is a critical element of the economic relationship between the United States and Canada. The United States consumed nearly 75 percent of Canada's exported goods during 2017, and Canada was the largest market for American goods during the same year. We believe that both the United States and Canada must strive to remove trade barriers that shield domestic producers from foreign competition and prevent consumers from accessing goods and services across all industries. As lawmakers who have championed free trade and do not want to shrink the size of the trading relationship between our two countries, we were encouraged to learn of your concerns about trade policies that are "zero sum" and "explicitly protectionist."

Therefore, in that same spirit of strong free trade, we respectfully request that you prioritize reforming and liberalizing Canada's protectionist dairy policies. While the United States imposes tariffs on some Canadian dairy products, it does so at far lower levels than Canada, and we would support the mutual elimination of these trade restrictions so that dairy products have the same parity afforded to most other agriculture products. That said, American dairy products face tariffs upward of 300 percent at the Canadian border, and U.S. farmers cannot fairly compete with the artificial prices created by Canada's government-managed dairy program. These trade-distorting policies undercut American dairy farmers from selling their products to Canadian consumers and food manufacturers, who are denied access to affordable and high-quality American milk, ice cream, cheese and other dairy ingredients.

As such, we applaud Ambassador Robert Lighthizer's commitment to eliminating dairy tariffs and removing pricing manipulation, such as Canada's Class 7 milk pricing program, and we call on you to engage with U.S. negotiators to address the remaining trade barriers that harm

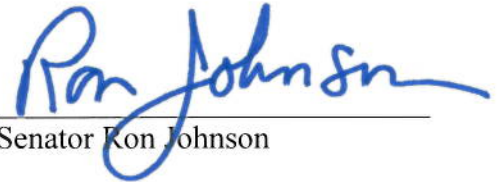
consumers and producers in both countries. We believe such actions by Canada will be received as a sign of good faith to complete an update to NAFTA that ultimately benefits both of our countries. The ongoing NAFTA negotiations represent a unique opportunity to modernize the agreement and remove the last remaining instances of protectionism, especially in the agriculture sector. No product or sector facing protectionist barriers should be off limits during these negotiations, and dairy is no exception.

We urge you and your colleagues to work with Ambassador Lighthizer to craft a new NAFTA that allows all farmers and manufacturers to compete without government intervention or prohibitive tariffs. Thank you for giving our views full and fair consideration, and we stand ready to assist in this process.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pat Toomey", written over a horizontal line.

Senator Pat Toomey

A handwritten signature in blue ink, appearing to read "Ron Johnson", written over a horizontal line.

Senator Ron Johnson

A handwritten signature in blue ink, appearing to read "Michael S. Lee", written over a horizontal line.

Senator Michael S. Lee

A handwritten signature in blue ink, appearing to read "Cory Gardner", written over a horizontal line.

Senator Cory Gardner