NAFTA Negotiations

International Dairy Foods Association
Comments on Negotiating Objectives Regarding Modernization of
the North American Free Trade Agreement with Canada and Mexico
Docket Number USTR-2017-0006
June 12, 2017

The International Dairy Foods Association (IDFA), Washington, D.C., represents the nation's dairy manufacturing and marketing industries and their suppliers with a membership of nearly 525 companies within a $125-billion a year industry. IDFA is composed of three constituent organizations: the Milk Industry Foundation (MIF), the National Cheese Institute (NCI) and the International Ice Cream Association (IICA). IDFA’s nearly 200 dairy processing members operate more than 600 manufacturing facilities and range from large multi-national organizations to single-plant companies. Together they represent more than 85 percent of the milk, cultured products, cheese, ice cream and frozen desserts produced and marketed in the United States. Visit IDFA at www.idfa.org.

IDFA welcomes the opportunity to provide input on the administration’s negotiations with Canada and Mexico to modernize the North American Free Trade Agreement (NAFTA). Food and agriculture trade under NAFTA is one of trade’s biggest success stories. Since the agreement was enacted, U.S. food and agricultural exports to Canada and Mexico have more than quadrupled – growing from $11 billion in 1993 to over $43 billion in 2016. The food and agriculture industry is a leading job creator, supporting 21 million full- and part-time jobs from coast-to-coast. Additionally, NAFTA has played a central role in boosting incomes for millions of U.S. farmers, ranchers, and allied manufacturers and continues to provide important and profitable markets including for our nation’s rural agriculture-based communities.

For the U.S. dairy industry, NAFTA has been critical in growing exports. After being a net importer of dairy products roughly a decade ago, the United States now benefits from a dairy trade surplus of more than $2 billion and sends American dairy products to over 140 countries around the world. In fact, approximately one day’s worth of milk production each week is exported.

Maintaining the U.S. dairy industry’s export market in Mexico is our number one priority in the renegotiation of NAFTA. Our second priority in the renegotiation is to address various Canadian policies that limit U.S. dairy exports to that country. Finally, as NAFTA is a 23-year-old agreement, we support updating and modernizing appropriate elements of the agreement.

Transformation to a Global Competitor
The transformation of the U.S. from an importer to one of the top three exporters of dairy products is attributable to several factors. First, the United States is now the single largest cow’s milk producer in the world with U.S. farm milk production growing from 170 billion pounds in 2003 to 212 billion pounds in 2016, and more than 52 percent of that additional farm milk is exported to other countries in the form of various finished products.
Second, as the world population grows by another 2 billion people by 2050 and continues to develop economically, the necessity for more protein and improved diets will increase the demand for dairy products. Dairy foods are uniquely positioned to meet the nutritional needs of a growing world with more disposable income and an appetite for higher-protein products. This will mean increased opportunities for global trade in dairy.

The International Dairy Federation estimates that world demand for milk and dairy products would double by 2030 if dairy consumption grew to match the actual nutritional needs of all global diets. That number would triple by 2050. The Australian Bureau of Agricultural and Resource Economics (ABARE) estimates that dairy consumption in the Asia-Pacific region alone – driven by China, India and Japan – will double by 2050.

Because the U.S. has the capability to increase milk production efficiency and technological advances, markets must be opened and a level playing field must be created in order for U.S. dairy exports to thrive. USDA projects that U.S. milk production will grow by 23 percent (about 48 billion pounds) over the next 10 years. Given that today we are exporting 15% of our total production (about 30 billion pounds), between exports and rising production, there needs to be either greater domestic consumption or increased export opportunities for approximately 80 billion pounds of milk over the next ten years.

Free trade agreements that open markets and lower trade barriers are crucial to support the growth of U.S. dairy exports. With more than 95 percent of our potential customers living outside our borders, expanding access to international markets is essential for our future success. The Asia-Pacific region is one such market that is critical if we are to attain our future export potential and continue to support American jobs. Therefore, the U.S. should pursue bilateral trade agreements with key markets in the region. Our competitors in the European Union (EU), New Zealand and Australia are already negotiating with key export markets like China and Japan. The U.S. must not fall behind the curve.

Mexico
With regards to the NAFTA renegotiation, Mexico is an indispensable partner for the U.S. dairy industry thanks to the market access achieved in the agreement. Mexico imported more than $1.22 billion of U.S. dairy products and ingredients in 2016 compared to only $250 million in 1993 before NAFTA was implemented. U.S. dairy exports to Mexico now account for one quarter of total dairy exports supporting nearly 30,000 American jobs.

Thanks to NAFTA, the U.S. enjoys duty-free access for dairy to Mexico, and because of this, the United States is the dominant supplier of dairy exports to the Mexican market, capturing close to 75 percent of that market. The top exports last year were nonfat dried milk ($487m) and cheese ($362m).

It is also important to note that reduced market access in this renegotiation would be devastating to the U.S. dairy industry and our nation’s economy. Unsuccessful renegotiation on any part of NAFTA could result in retaliation from U.S. agriculture’s largest export market. As evidenced by past actions, Mexico will not hesitate to impose retaliatory tariffs on U.S. dairy. In 2010, Mexico imposed tariffs on dairy products after the Mexican trucking ban and threatened to do so again in 2015 in response to U.S. Country of Origin Labeling (COOL). Furthermore, with a network of 10 free trade agreements with 45 countries, Mexico will look elsewhere for dairy products if provoked. Our competitors are eager to seize our market share.
Finally, it is essential that in the renegotiation of NAFTA with Mexico that the U.S. makes clear that it is vehemently opposed to the imposition of any new restrictions on the market access opportunities for U.S. products relying on common names. The U.S. must require that Mexico uphold the letter and spirit of its NAFTA market access obligations in order to ensure it does not impair the value of its prior market concessions to the U.S.

Canada
A number of Canadian dairy policy measures severely restrict market access for imported U.S. dairy products and must be addressed in NAFTA negotiations.

Limited Market Access
Since 1970, Canada's dairy industry has been operating under a supply management system where the government is heavily involved in controlling the pricing, marketing, and production of the dairy sector. As a result, Canadian milk producers are guaranteed an artificially high domestic price for dairy products. In order to protect these inflated domestic prices, the Canadian supply management system relies on import quotas with severe out-of-quota tariff rates to restrict dairy imports.

Under NAFTA, Canada allows imports of a predetermined annual (in-quota) amount of dairy products in various categories duty-free from the U.S., but once the in-quota volume limit has been reached, anything over that amount is subject to prohibitive tariffs of a minimum of 200 percent and up to 313.5 percent. Despite our shared border, U.S. dairy processors have no commercial access to the duty-free in-quota quantity allotted for fluid milk and cream, because the quota is considered filled by “cross border shopping,” or consumers crossing the Canada-U.S. border to purchase milk and cream in the U.S. and returning to Canada. However, there is no mechanism or data to certify that the quota is actually filled by cross border shopping. Compounding these barriers, most other product categories have severe restrictions for U.S. dairy processors. For example, despite the close proximity and ample supply, Canada granted the European Union country-specific access to 66 percent of Canada’s global quota for cheese, while the U.S. receives only a fraction of the in-quota allocation before a 245.5 percent tariff is assessed. Further, the U.S. is currently limited to 332 metric tons of yogurt per year. Any U.S. exports above this quantity are subject to a prohibitive over-quota tariff of 237.5 percent; U.S. exports of ice cream and most cheeses are also similarly restricted. Two charts in Appendix 1 illustrate the limited tariff rate quotas (TRQs) and the over-quota tariff rates.

When looking at the export data, Canada is a top export market for U.S. dairy products, but it should be noted that most of the Canada’s commercial imports for dairy are then re-exported back to the U.S. or other foreign markets. Canada utilizes two programs for dairy product imports that require the product be re-exported within a certain time frame: the Import for Re-Export Program (IREP) or the Duty Relief Program (DRP). For instance in 2016, 99 percent of skim milk powder imports on a quantity basis came in through the IREP program. The same goes for milk imports. Similarly, more than half of the butter imports enter through the IREP program. Due to these re-export programs, U.S. dairy exports do not enjoy meaningful market access as most products do not directly reach Canadian consumers.

NAFTA renegotiation should address Canada’s very limited TRQs and high in-quota and out-of-quota tariffs on U.S. dairy products. Elimination of all TRQs and tariffs are the ultimate goal of any free trade agreement. Given the shared border, comprehensive and meaningful market access for U.S. dairy products to Canada should be an open-and-shut case.
Canada’s supply management system also requires a dairy import control list which mandates that manufacturers of many U.S. dairy products must first find a Canadian company that holds the import quota for the product the U.S. company wishes to export. This restrictive practice adds another layer of government regulation designed to keep out U.S. products. Dairy processors on both sides of the border would benefit greatly from a more seamless North American market.

Canada’s Class 6 & 7 Ingredients Strategy
Under its supply management regime, Canadian milk prices are well above the U.S. and world market. Thus, Canada is not commercially price competitive in the world market and has to heavily subsidize exports of products made with Canadian milk. For example, Canada has employed a special class program to reduce the price of dairy ingredients, thereby undermining fair competition from imports and effectively subsidizing Canadian skim milk powder exports at pricing levels more competitive for the global market. Canada has been challenged several times at the World Trade Organization (WTO) for similar subsidies and found to be out of compliance with its trade commitments.

In the spring of 2016, Ontario implemented a new class 6 pricing program whereby it set artificially low prices for dairy ingredients. Class 6 was designed specifically to curb imports of ingredients entering duty-free from the United States. As a direct result of this protectionist program, U.S. exports of ultra-filtered milk to Canada have virtually stopped, effectively destroying a $150 million market for dairy processors in Wisconsin and New York and threatening hundreds of jobs and U.S. dairy farms.

Canada’s dairy producers and processors recently concluded a new national ingredients strategy which mirrors Ontario’s Class 6 program. Implemented on Feb. 1, 2017, it established a new ingredient milk class, Class 7, to be priced at the lowest of the U.S., EU and Oceania price for solids-not-fat for 7 years. It provides both an incentive to substitute domestic ingredients for their imported counterparts and an export subsidy to dump SMP onto the world market.

The Class 7 program also enables the export of Canada’s structural surplus of skim milk powder (SMP) at below the cost of production in a way that would violate Canada’s WTO export subsidy commitments. The 2002 ruling by the WTO capped subsidized exports of dairy products from Canada. Export subsidies for butter, skim milk powder, cheese and “other milk products” are subject to caps of 3.5 TMT, 45 TMT, 9.1 TMT, and 30.3 TMT, respectively. During the first 4 months of 2017, Canadian SMP exports rose by 274 percent to 11,875 metric tons, which is 26 percent of their WTO cap. Furthermore, reports from traders suggest that Canadian SMP exports are being sold well below the world market price. The additional large volumes of skim milk powder forced onto the thinly traded global market will result in a further depression of prices that will negatively impact the revenues of dairy farmers in the U.S. and around the world.

Canada is contravening both its WTO and NAFTA trade obligations and undermining the intent of both agreements. Time after time, Canada reverts to unfair trade practices to undermine U.S. dairy market access. This routine and harmful behavior must be urgently addressed in the renegotiation of NAFTA in order to prevent the permanent loss of these markets. First and foremost, it is imperative that Canada remove its special class 6 and 7 programs. Furthermore, clear-cut language must be incorporated into NAFTA, thereby ensuring Canada does not institute future pricing programs and other non-tariff barriers that negatively impact dairy trade and jobs.
European Union-Canada Comprehensive Economic and Trade Agreement (CETA)

Additionally, IDFA is concerned by provisions in the European Union-Canada Comprehensive Economic and Trade Agreement (CETA) regarding EU demands for the protection of geographical indications. The protections the EU demanded from Canada will impair market access for cheese and other food products from third countries. The provisions on geographical indications are particularly alarming because they grant automatic protection to the EU for “asiago,” “feta,” “fontina,” “gorgonzola” and “munster” in complete disregard of Canadian intellectual property laws. Cheese manufacturers that produced those cheeses prior to October 18, 2013 will be allowed to continue to use those names, but future producers of those cheeses will have to add qualifiers, such as “kind,” “type,” “style” and “imitation.” These new limitations on the use of generic names clearly violate Canadian intellectual property procedures and existing international trade commitments.

In CETA, Canada also reallocated 800 metric tons of its 20,412 metric ton WTO tariff rate quota for cheese to the EU. This reallocation further restricts the limited access that U.S. cheese exporters have into the Canadian market. The U.S. dairy industry is concerned that the agreement also violates the 1994 General Agreement on Tariffs and Trade (GATT), which bars countries from using free trade agreements to restrict trade.

With the implementation of CETA expected in summer 2017, the Canadian government last winter announced “an investment of $350 million for two new programs to support the competitiveness of the dairy sector.” The government investment is enabling the Canadian dairy industry to build the infrastructure necessary to further restrict imports and dump skim milk onto the world market.

- $250 million over five years for a Dairy Farm Investment Program that will provide targeted contributions to help Canadian dairy farmers update farm technologies and systems and improve productivity through upgrades to their equipment. This could include the adoption of robotic milkers, automated feeding systems and herd management tools.
- $100 million over four years for a Dairy Processing Investment Fund that will help dairy processors modernize their operations and, in turn, improve efficiency and productivity, as well as diversify their products to pursue new market opportunities.

Other Negotiating Objectives
Geographical Indications (GIs)

It is essential that the NAFTA modernization efforts incorporate text on the issue of GIs and common names, in keeping with the Trade Promotion Authority directive to address this issue and the administration’s intention to modernize the agreement as it relates to more recently emerged intellectual property issues.

In order to build upon the progress made to date with our trading partners on this issue, we encourage the administration to use the Trans-Pacific Partnership (TPP) text on GIs as a starting point and further improve upon that to preserve U.S. market access opportunities for common name products despite foreign government efforts to misuse GIs.

Prior to that text, U.S. FTAs were virtually silent on the issue of GIs with the primary relevant text simply focusing on the first-in-time, first-in-right principle as it relates to registered trademarks versus subsequently filed GIs. There was a vacuum regarding the critical question of how countries should consider applications for GIs and how the issue of common or generic usage of a term should factor into
that process in order to avoid negatively impacting the rights of stakeholders in the country of application as well as other trading partners. The GI provisions in TPP broke new ground by tackling these topics and for the first time establishing a more equitable international model for how to approach the issue of GI registrations. This approach differed from the fundamentally flawed EU strategy where it effectively pressures its trading partners into horse-trading protection for specific GIs in exchange for gains in other areas such as market access.

The GI issue is of paramount concern in Mexico. U.S. dairy and other food companies have been working with partners in the Mexican food and agricultural sector for years to build the market for a diverse range of foods in Mexico. That is why the European Union’s ongoing efforts to restrict the use of common food names in Mexico through the inappropriate use of GIs are so deeply concerning.

The EU is attempting to use GIs as a de facto barrier to U.S. dairy exports to Mexico through numerous efforts, such as the application of the Lisbon Agreement, proposed legislation on GIs, and FTA negotiations with EU.

Ongoing Lisbon Agreement Concerns
Mexico has seen a wave of GI applications from the EU due to its membership in the World Intellectual Property Organization (WIPO) Lisbon Agreement. These include cheeses such as asiago and gorgonzola, of which the U.S. is the primary exporter to Mexico and essentially built the market for in the past few years. The fact that the Mexican Intellectual Property office granted the GI applications for those two cheeses despite U.S. objections are very concerning examples of the deeply flawed Lisbon Agreement and Mexican processes.

Upon receiving rejection notices in response to its filings last year, the Consortium for Common Food Names (CCFN) worked with IDFA and its other members to file legal challenges in Mexico objecting to the lack of due process provided for the consideration of these terms in light of their existing prior use in Mexico. To date, a Mexican court has ruled that the private sector’s interests were not properly safeguarded in how Mexican Intellectual Property office handled the GI consideration for gorgonzola; however, notwithstanding this acknowledgment, the court ruling did not reverse the GI registration. As a result, we are appealing this decision. CCFN is still awaiting the results of the hearing on a separate case, asiago, and anticipates that this court will take the facts into account and uphold the constitutional protections for the Mexican and foreign private sectors.

Mexico’s handling of Lisbon Agreement applications has posed serious concerns regarding the legality of its process in light of Mexico’s WTO and NAFTA market access commitments. In addition to generating results entirely out of alignment with the market situation in Mexico, Mexico’s actions in handling Lisbon Agreement applications displayed a lack of due process and transparency that is in urgent need of reform.

Proposed Legislation on GIs
We commend Mexico for recognizing, albeit belatedly, this lack of due process and transparency and moving to address that short-coming. Specifically, Mexico introduced domestic legislation earlier this year to create a system for GI applications, evaluations and oppositions within Mexico. Further improvements are needed to this initial draft in order to sufficiently safeguard the use of common names.
FTA Negotiations
In parallel to this, Mexico has been negotiating a FTA expansion with the European Union that is intended to incorporate GI provisions. As the European Commission seeks to do in all its FTAs, it has been attempting to use that process to impose de facto barriers to trade and competition on various common name products that the EU falsely claims as GIs.

Mexico is also simultaneously negotiating with the European Free Trade Agreement bloc of countries, which includes Switzerland. The latter group also seeks to restrict the use of country names in foods. Given the extensive common usage of country names (e.g. Swiss cheese, Greek yogurt, Italian sausage, French dressing, Belgian waffles, Canadian bacon, etc.), a blanket ban on their use without clear exceptions provided for common usage would be entirely inappropriate.

It is critical that the U.S. continue to reinforce that GIs are a type of intellectual property. This will be relevant as the U.S. continues to build upon this text to further tackle the EU’s aggressive agenda to limit competition from other suppliers in common food categories. The next iteration of U.S. FTA text on this issue should include even stronger provisions safeguarding the use of common names.

Sanitary and Phytosanitary Measures (SPS)
NAFTA was one of the first global agreements that established a framework of rules and disciplines to guide the development, adoption and enforcement of sanitary and phytosanitary measures. Since implementation of NAFTA, the World Trade Organization (WTO) has agreed to its Uruguay Round SPS Agreement, and SPS chapters are now standard in U.S. trade negotiations.

IDFA supports modernizing the SPS chapter by, at minimum, recognizing and building upon the WTO’s 1994 SPS Agreement to ensure that science-based SPS measures are developed and implemented in a transparent, predictable, and non-discriminatory manner, while at the same time preserving the ability of NAFTA partner regulatory agencies to take necessary steps to ensure food safety and protect plant and animal health.

Adoption of expanded WTO SPS-Plus standards should include:
- Creation of a rapid response mechanism, including tighter standards and deadlines for adverse import inspections;
- Adoption of cooperative technical consultations and increased reporting, transparency and record keeping among CTC members;
- Creation of a more robust single inquiry point standard for SPS contacts (including increased transparency of SPS requirements, data bases for SPS regulations etc.);
- High standards for risk assessment and risk management, including language that elaborates on current WTO provisions (TPP language);
- Adoption of trade facilitative residue levels and adventitious presence mechanisms;
- Low level tolerance principles; and
- Enhanced enforcement mechanisms for unjustified SPS barriers, including a potential compensation, three strikes policy or retroactive damages to help enforce and hold trading partners accountable for persistent and unscientific SPS measures.

To maintain consistency with more recent trade agreements, IDFA recommends moving the Agriculture
section from Chapter 7 to “Chapter 3: National Treatment and Market Access for Goods” and renaming the current Chapter 7 to “Sanitary and Phytosanitary (SPS) Measures.”

*Duty Drawback Provisions*

Since 1789, duty drawback has benefitted U.S. exporters by allowing a refund of Customs duties, taxes and other fees imposed on imported goods that are used as inputs in the production of manufactured products that are later exported, or where the imported good is substituted for the same or similar American-made good that is later exported. This process allows U.S. manufacturers and exporters to reduce costs and remain competitive in pricing their goods when they are exported. The policy rationale supporting duty drawback is as simple as it is powerful: to increase the competitiveness of U.S. manufacturers that export and to create and maintain U.S. jobs.

Article 303 of NAFTA includes restrictions to duty drawback and deferral restrictions for all three NAFTA members. However, Canada and Mexico have created duty relief programs that work around these drawback restrictions in Article 303. Canada and Mexico minimize the duty drawback restrictions on their manufacturers and workers through the use of programs that target duty rate reductions for inputs used in specific export industries. These programs include Sectoral Promotion Program in Mexico and targeted duty reductions in Canada. This situation places U.S. manufacturers at a substantial disadvantage when exporting products to Canada or Mexico. Without the elimination of Article 303 of the NAFTA, U.S. exporters and workers are further disadvantaged under NAFTA and the incentive will remain for companies to shift manufacturing operations to non-U.S. locations where drawback is not restricted.

The duty drawback and deferral restrictions in NAFTA should be repealed to place U.S. manufacturers on a level playing field with their foreign competitors and to help increase growth in American jobs and the U.S. manufacturing sector, and thus increase U.S. exports to Mexico and Canada. Drawback supports 331,168 U.S. manufacturing and export jobs, based on $55.5 billion in exports. IDFA supports the removal of restrictions on duty drawback and duty deferral for goods exchanged between the U.S., Canada and Mexico.

*Rules of Origin*

The Rules of Origin chapter defines what it means for a product to be originating from NAFTA partner countries and thereby eligible for NAFTA benefits. IDFA supports maintaining the current rules of origin on dairy already included in NAFTA. However, there have been reports on violations of dairy products coming in duty-free from non-NAFTA countries. Enforcement of dairy rules of origin should be prioritized to prevent these violations. Effective implementation of enforcement mechanisms without negatively affecting trade facilitation should be part of the NAFTA modernization effort.

*Closing Remarks*

Since its implementation in 1994, NAFTA has created many opportunities for U.S. dairy products to thrive with consumers outside our borders. However, the agreement was certainly not perfect and opportunities exist to improve upon NAFTA in its current form. A renegotiated NAFTA must maintain the existing market access for U.S. dairy exporters, while concurrently modernize and update those areas where the current agreement failed.

To summarize, IDFA is seeking to preserve current market access to Mexico, a removal of Canada’s class 6 & 7 pricing programs to address the dumping of Canadian milk powders on the world market,
resolving Canadian non-tariff barriers that impact the U.S. dairy industry, and elimination of remaining Canadian tariffs and TRQs on dairy. We are also seeking strong provisions on GIs and SPS measures, rigorous enforcement of the dairy rules of origin, and the elimination of duty drawback restrictions.

IDFA supports the submissions made by the North American Market Working Group of the U.S. Food & Agriculture Dialogue for Trade and the Consortium for Common Food Names.

IDFA appreciates the opportunity to provide comments to the Office of the U.S. Trade Representative on the negotiating objectives regarding the modernization of NAFTA.

Sincerely,

Beth Hughes
Director, International Affairs
International Dairy Foods Association
### Appendix I

<table>
<thead>
<tr>
<th>Canadian Dairy Product TRQs</th>
<th>Access in tons</th>
<th>Tariff Item Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk Protein Substitutes</td>
<td>10,000</td>
<td>3504.00.11, 3504.00.12</td>
</tr>
<tr>
<td>Fluid Milk *</td>
<td>0</td>
<td>0401.10, 0401.20</td>
</tr>
<tr>
<td>Cream, not concentrated, no sugar, (heavy</td>
<td>394</td>
<td>0401.30</td>
</tr>
<tr>
<td>cream)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skim Milk Powder</td>
<td>0</td>
<td>0402.10.10</td>
</tr>
<tr>
<td>Whole Milk Powder, whether or not sweetened</td>
<td>0</td>
<td>0402.21, 0402.29</td>
</tr>
<tr>
<td>Concentrated and Evaporated milk</td>
<td>12</td>
<td>0402.91, 0402.99</td>
</tr>
<tr>
<td>Yogurt</td>
<td>332</td>
<td>0403.10</td>
</tr>
<tr>
<td>Powdered Buttermilk</td>
<td>908</td>
<td>0403.90</td>
</tr>
<tr>
<td>Liquid Buttermilk, Sour Cream</td>
<td>0</td>
<td>0403.90</td>
</tr>
<tr>
<td>Dry Whey</td>
<td>3,198</td>
<td>0404.10</td>
</tr>
<tr>
<td>Products consisting of natural milk</td>
<td>4,345</td>
<td>0404.90</td>
</tr>
<tr>
<td>Constituents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Butter, fats and oil from milk</td>
<td>3,274</td>
<td>0405.10, 0405.90</td>
</tr>
<tr>
<td>Dairy Spreads</td>
<td>0</td>
<td>0405.20</td>
</tr>
<tr>
<td>Cheese</td>
<td>20,412</td>
<td>0406</td>
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<tr>
<td>Ice cream mixes</td>
<td>0</td>
<td>1806.20, 1806.90</td>
</tr>
<tr>
<td>Ice Cream and other edible ice</td>
<td>484</td>
<td>2105</td>
</tr>
<tr>
<td>Milk cream and butter subs.</td>
<td>0</td>
<td>2106.90</td>
</tr>
<tr>
<td>Non-alcoholic beverages containing milk</td>
<td>0</td>
<td>2202.90</td>
</tr>
<tr>
<td>Complete feeds and feed supplements</td>
<td>0</td>
<td>2309.90</td>
</tr>
</tbody>
</table>

* There is no commercial TRQ for fluid milk.

Note: not applicable against countries with which Canada has a FTA.

Sources: USDA GAIN Report CA16047

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### Canadian tariff rates for selected dairy products

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Tariff</th>
<th>Duty Nature¹</th>
<th>Duty Type²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonfat dried milk</td>
<td>3.32¢/kg 201.5%</td>
<td>S</td>
<td>IQ</td>
</tr>
<tr>
<td></td>
<td>(but not less than $2.01/kg)</td>
<td>M</td>
<td>OQ</td>
</tr>
<tr>
<td>Whey protein concentrate</td>
<td>4.94¢/kg</td>
<td>S</td>
<td>NQ</td>
</tr>
<tr>
<td>Powdered whey</td>
<td>3.32¢/kg 208%</td>
<td>S</td>
<td>IQ</td>
</tr>
<tr>
<td></td>
<td>(but not less than $2.07/kg)</td>
<td>M</td>
<td>OQ</td>
</tr>
<tr>
<td>Butter</td>
<td>11.38¢/kg 298.5%</td>
<td>S</td>
<td>IQ</td>
</tr>
<tr>
<td></td>
<td>(but not less than $4.00/kg)</td>
<td>M</td>
<td>OQ</td>
</tr>
<tr>
<td>Cheese</td>
<td>3.32¢/kg 245.5%</td>
<td>S</td>
<td>IQ</td>
</tr>
<tr>
<td></td>
<td>(but not less than $4.52/kg)</td>
<td>M</td>
<td>OQ</td>
</tr>
<tr>
<td>Ice cream</td>
<td>6.5%</td>
<td>S</td>
<td>IQ</td>
</tr>
<tr>
<td></td>
<td>277%</td>
<td>M</td>
<td>OQ</td>
</tr>
<tr>
<td></td>
<td>(but not less than $1.16/kg)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yogurt</td>
<td>6.5%</td>
<td>S</td>
<td>IQ</td>
</tr>
<tr>
<td></td>
<td>237.5%</td>
<td>M</td>
<td>OQ</td>
</tr>
<tr>
<td></td>
<td>(but not less than $4.66/kg)</td>
<td></td>
<td></td>
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</tbody>
</table>

¹/ S signifies Specific Duties; M signifies Mixed Duties.

²/ NQ signifies non quota rate; IQ signifies in quota rate; OQ signifies over quota rate.

Source: Customs Tariff of Canada.