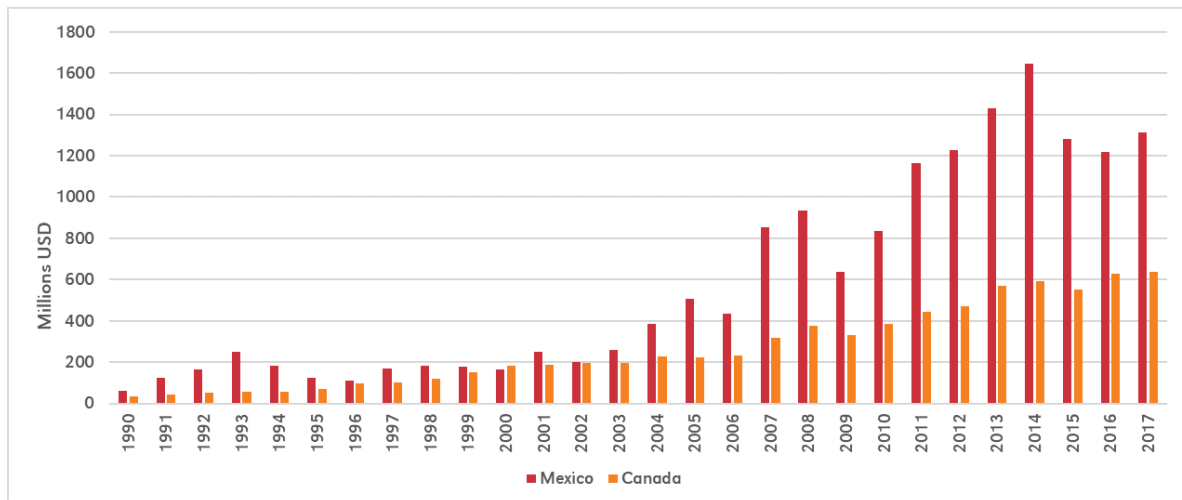


# NAFTA: Priorities for Renegotiation

Since its implementation in 1994, NAFTA has created many opportunities for US 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. In order to protect the US dairy industry, a renegotiated NAFTA must include the simultaneous protection of existing market access while pushing forward in the areas where the current agreement failed.

## NAFTA and the US Dairy Trade

### US Dairy Trade with NAFTA Countries



#### Mexico

- US dairy exports to Mexico have grown dramatically due to NAFTA and totaled \$1.3 billion USD in 2017 after peaking at \$1.6 billion in 2014.
- NAFTA resulted in tariff free trade between the US and Mexico by 2008.
- Milk powders and especially skim milk powder have benefited the most with 2017 exports totaling over \$570 million USD.
- Exports to Mexico represented 24.3% of the US dairy trade in 2017.

#### Canada

- NAFTA did not give traditional US dairy products tariff free access to the Canadian market.
- Since NAFTA was implemented in 1994, US dairy exports to Canada have grown to a total of about \$637 million USD in 2017.
- Canada's protectionist pricing policies, including Class 7 pricing, negatively affect the U.S. dairy industry.
- Of the dairy products that are imported, many are re-exported (36,000 metric tons in 2015) and never actually reach the Canadian market.

## IDFA Priorities For Renegotiation

### Geographical Indications

- Develop a clear and fair framework for dealing with GI issues including:
  - Definition of an approval process for GIs that recognizes common names;
  - Detail around how approved GIs may be protected;
  - Creation of an appeal process;
  - Emphasis on transparency and information availability.

### Market Access

- Protect current Mexico access.
- Unfettered trade access to Canadian and Mexican markets with ideally zero tariffs.
- Eliminate Canada's Class 7 pricing program and ensure future non-Tariff barriers are not implemented

### Sanitary and Phytosanitary

- Develop a transparent and equitable framework for dealing with SPS issues including:
  - Creation of a body that reviews SPS measures to ensure accordance with scientific principles;
  - Strict guidance for timing and administrative procedures;
  - Providing for contingencies like emergencies and disputes.