

HEIDI HEITKAMP
NORTH DAKOTA
HART SENATE BUILDING 502
WASHINGTON, DC 20510
PH: 202-224-2043
FAX: 202-224-7776
TOLL FREE: 1-800-223-4457

<http://www.heitkamp.senate.gov>

United States Senate

WASHINGTON, DC 20510

May 15, 2017

COMMITTEES:
AGRICULTURE, NUTRITION AND FORESTRY
BANKING, HOUSING AND
URBAN AFFAIRS
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
INDIAN AFFAIRS
SMALL BUSINESS AND ENTREPRENEURSHIP

The Honorable Robert Lighthizer
U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Lighthizer,

Congratulations on your confirmation as U.S. Trade Representative (USTR). I'm hopeful that having you in place will provide greater stability in trade discussions and more input from Congress and stakeholders. As the administration develops its priorities for renegotiating the North American Free Trade Agreement (NAFTA), I write to highlight key North Dakota agricultural priorities.

I support a reasonable renegotiation of NAFTA, as we all agree there have been challenges and all trade deals could use updating. However, as we discussed in our one-on-one meeting before your confirmation, North Dakota is a major agricultural state, and our farmers and ranchers depend on exports to support their bottom line. In this tough price environment, exports are critical to our success, and the administration must take great care to not disrupt the long-standing trade relationships we have developed with our neighbors.

Therefore, your top priority in renegotiating NAFTA must be to do no harm. I will oppose ratification of any agreement which diminishes North Dakota's farmers and ranchers' market access to Canada and Mexico. North Dakota is the ninth largest agriculture exporting state, with about \$4.1 billion in commodities exported each year. Almost a quarter of North Dakota workers are farmers or ranchers, or work in farm-related jobs, and according to the Department of Commerce, North Dakota exports support more than 34,000 jobs. Commerce also estimates North Dakota exports to free trade agreement (FTA) markets have grown 309 percent since 2006, and NAFTA countries make up the vast majority of that growth—\$2.7 billion.

In addition to maintaining market access, there are ongoing concerns which should be addressed as part of renegotiation, including Canadian grain grading standards, Mexican sugar dumping, and country of origin labeling for meat.

The U.S. government has long agreed that Canada's grain grading standards are a barrier for U.S. wheat and barley producers—including them in annual reports and raising the issue bilaterally with Canada. Most recently, the U.S. Department of Agriculture (USDA) issued a report at my request on these barriers, and the USTR National Trade Estimate Report again included this market access barrier. Reforming Canadian grain grading standards could be an opening for the beginning phases of negotiations as Canada has in the past considered legislation to fix many of the issues.

BISMARCK OFFICE:
228 FEDERAL BUILDING
220 EAST ROSSER AVENUE
BISMARCK, ND 58501
PH: 701-258-4648
FAX: 701-258-1254

DICKINSON OFFICE:
40 1ST AVENUE WEST
SUITE 202
DICKINSON, ND 58601
PH: 701-225-0974
FAX: 701-225-3287

FARGO OFFICE:
306 FEDERAL BUILDING
657 SECOND AVENUE NORTH
FARGO, ND 58102
PH: 701-232-8030 - 1-800-223-4457
FAX: 701-232-6449

GRAND FORKS OFFICE:
33 S. 3RD ST., SUITE B
GRAND FORKS, ND 58201
PH: 701-775-9601
FAX: 701-746-1990

MINOT OFFICE:
105 FEDERAL BUILDING
100 FIRST STREET S.W.
MINOT, ND 58701
PH: 701-852-0703
FAX: 701-838-8196

Canada's official grain grading system discriminates against U.S. producers by not allowing them to receive the same grades as Canadian-grown wheat. This type of system prohibits U.S. producers from receiving a fair price for their grain, regardless of its intrinsic qualities. Conversely, producers from Canada may deliver to a U.S. grain elevator and receive top grade for their wheat if its qualities meet U.S. official standards. Wheat industry data, enclosed, indicates that over the past several years, prices in Canada for top grade wheat are higher than similarly graded grain at similarly-situated elevators in the United States—often by as much as 50 cents or more per bushel. This price differential makes a huge difference in terms of farm income and viability. When this is the case, North Dakota wheat farmers should be able to sell to Canadian elevators and receive a fair price—just as Canadian farmers can when North Dakota elevators are offering higher bids for the same wheat. This must be resolved.

In addition, NAFTA fully liberalized sugar trade between our countries—and that has proven to have created negative consequences many predicted for the sugar industry and the sugar program when NAFTA was first negotiated. North Dakota farmers and the workers who depend on them are struggling due to Mexican dumping of subsidized sugar. The Department of Commerce and U.S. International Trade Commission found Mexican dumping and subsidies to be injuring U.S. sugar farmers and producers in 2015, and the United States is actively working to get suspension agreements with Mexico renegotiated or antidumping and countervailing duties imposed to prevent further injury to our domestic industry quickly. I encourage you to work with your counterparts at Commerce and USDA to ensure a permanent solution to injury caused by NAFTA to the sugar industry and the sugar program.

Finally, we need to find a workable solution for country of origin labeling for meat in the United States. Consumers rightly want to know where the meat they're buying for their families comes from, and we should be able to provide that information without a challenge from Canada and Mexico. After the United States lost a case at the World Trade Organization, and despite efforts to negotiate a voluntary labeling system—one very similar to Canada's country of origin labeling regime—we were unable to provide for a reasonable country of origin labeling policy in the United States. Especially after recent scandals in Brazil relating to exporting soiled and contaminated meat, I remain committed to providing this information to North Dakota's families. Our ranchers produce the best beef in the world, and they should not be negatively affected by consumer confusion about the source of their meat.

Thank you for your commitment to improving trade agreements to work for all Americans. I look forward to working closely with you to modernize NAFTA, protecting current gains, and addressing ongoing challenges.

Sincerely,

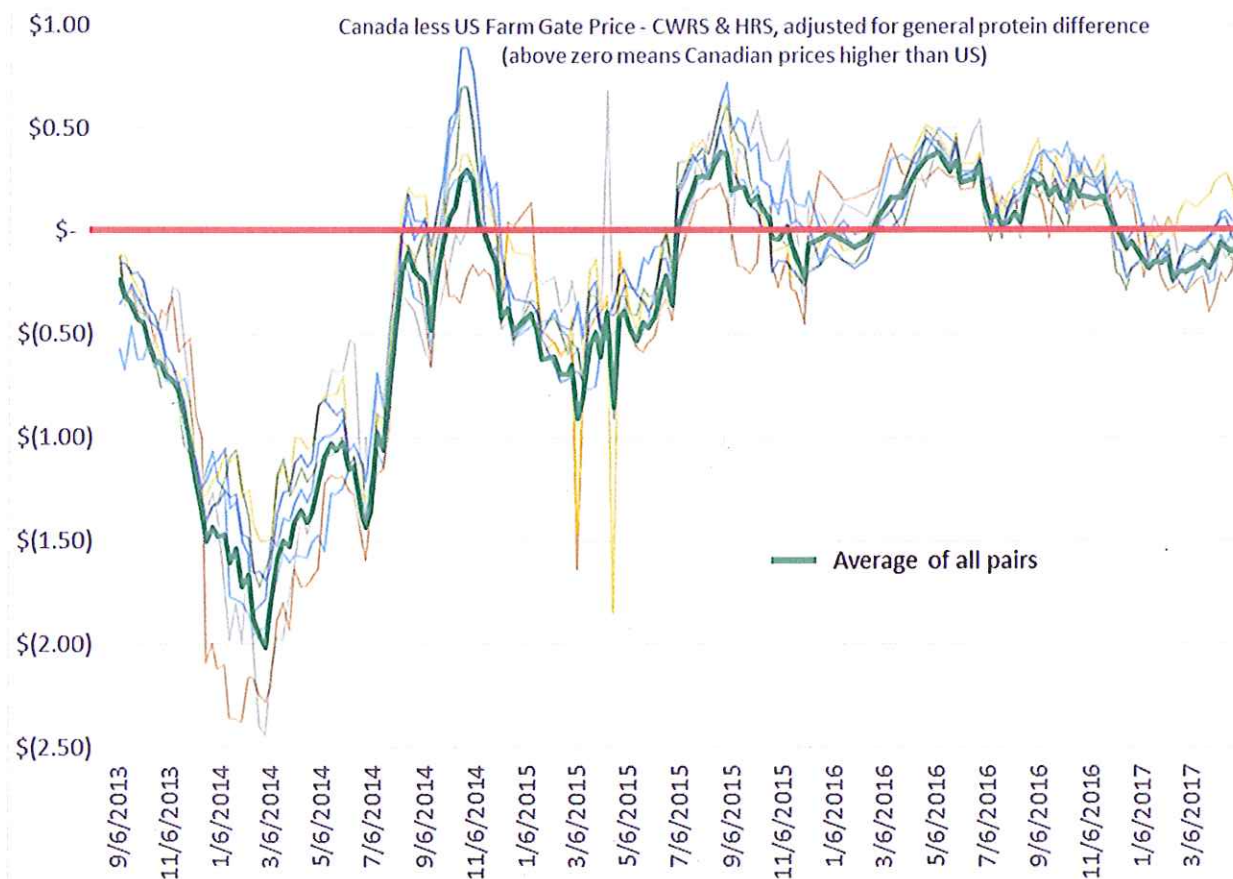


Heidi Heitkamp
United States Senate

Enclosure

Enclosure: US-Canada Farm Gate Price Differential

The below chart indicates the difference between prices offered by Canadian and North Dakota grain elevators for similarly graded wheat. When the data points are above zero, Canadian elevator bids are higher than similarly situated North Dakota elevators. Data was compiled using pairings of elevators equidistant from the US-Canadian border and prices provided on their websites.



Source: U.S. Wheat Associates