



UNITED STATES–MEXICO–CANADA TRADE FACT SHEET

Strengthening North American Trade in Agriculture

The United States, Mexico and Canada have reached an agreement to benefit American farmers, ranchers, and agribusinesses. While agriculture has generally performed well under NAFTA, important improvements in the agreement will enable food and agriculture to trade more fairly, and to expand exports of American agricultural products.

Key Achievement: Expanded Market Access for American Food and Agricultural Products.

America's dairy farmers will have new export opportunities to sell dairy products into Canada. Canada will provide new access for United States products including fluid milk, cream, butter, skim milk powder, cheese, and other dairy products. It will also eliminate its tariffs on whey and margarine. For poultry, Canada will provide new access for United States chicken and eggs and increase its access for turkey. Under a modernized agreement, all other tariffs on agricultural products traded between the United States and Mexico will remain at zero.

Key Achievement: Canada's Milk Classes 6 and 7 to Be Eliminated

The top priority for America's dairy industry in this negotiation has been for Canada to eliminate its program that allows low priced dairy ingredients to undersell United States dairy sales in Canada and in third country markets. As a result of the negotiation, Canada will eliminate what is known as its milk classes 6 and 7. In addition, Canada will apply export charges to its exports of skim milk powder, milk protein concentrates and infant formula at volumes over agreed threshold, which will allow United States producers to expand sales overseas.

Key Achievement: Setting Unprecedented Standards for Agricultural Biotechnology

For the first time, the agreement specifically addresses agricultural biotechnology to support 21st century innovations in agriculture. The text covers all biotechnologies, including new technologies such as gene editing, whereas the Trans-Pacific Partnership text covered only traditional rDNA technology. Specifically, the United States, Mexico, and Canada have agreed to provisions to enhance information exchange and cooperation on agricultural biotechnology trade-related matters.

Key Achievements: Significant Commitments to Reduce Trade Distorting Policies, Improve Transparency, and Ensure Non-Discriminatory Treatment for Agricultural Product Standards

Building on NAFTA, the United States, Mexico, and Canada agreed to work together in other fora on agriculture matters, improve transparency and consultations on matters affecting trade among the countries.

The United States, Mexico, and Canada agreed to several provisions to reduce the use of trade distorting policies, including:

- To not use export subsidies or World Trade Organization (WTO) special agricultural safeguards for products exported to each other's market.
- Improved commitments to increase transparency and consultation regarding the use of export restrictions for food security purposes.
- If supporting producers, to consider using domestic support measures that have minimal or no trade distorting or production effects and ensure transparency of domestic support and supply management programs.

Canada and the United States also agreed to strong rules to ensure tariff-rate quotas are administered fairly and transparently to ensure the ability of traders to fully use them.

Key Achievement: Fair Treatment for Quality Requirements for Wheat and other Agricultural Products

Canada has agreed to grade imports of United States wheat in a manner no less favorable than it accords Canadian wheat, and to not require a country of origin statement on its quality grade or inspection certificate. Canada and the United States also agreed to discuss issues related to seed regulatory systems.

To facilitate the marketing of food and agricultural products, Mexico and the United States agreed that grading standards and services will be non-discriminatory for all agricultural goods and will establish a dialogue to discuss grading and quality trade related matters.

Key Achievement: Enhanced Rules for Science-Based Sanitary and Phytosanitary Measures

In the Sanitary and Phytosanitary (SPS) Measures chapter, the United States, Mexico, and Canada have agreed to strengthen disciplines for science-based SPS measures, while ensuring Parties maintain their sovereign right to protect human, animal, and plant life or health. Provisions include increasing transparency on the development and implementation of SPS measures; advancing science-based decision making; improving processes for certification, regionalization and equivalency determinations; conducting systems-based audits; improving transparency for import checks; and working together to enhance compatibility of measures. The new agreement would establish a new mechanism for technical consultations to resolve issues between the Parties.

Key Achievement: New Disciplines on Geographic Indications

For the first time in NAFTA, the United States and Mexico have agreed to geographical indication standards that: enhance transparency for opposition and cancellation proceedings for geographical indications (GIs); establish a mechanism to consult on GIs pursuant to international

agreements; and allow for additional factors that may be taken into account in determining whether a term is a common name instead of a GI.

Key Achievement: Market Access for Certain Cheese Names

In addition, for the first time in a United States trade agreement, Mexico and the United States agreed to not restrict market access in Mexico for U.S. cheeses labeled with certain names.

Key Achievement: Prohibiting Barriers for Alcohol Beverages

The United States, Mexico, and Canada agreed to non-discrimination and transparency commitments regarding sale and distribution, and labeling and certification provisions to avoid technical barriers to trade in wine and distilled spirits. They agreed to continue recognition of Bourbon Whiskey, Tennessee Whiskey, Tequila, Mezcal, and Canadian Whisky as distinctive products.

Key Achievement: New Protections for Proprietary Food Formulas

The United States, Mexico, and Canada agreed on the Annex on Proprietary Food Formulas, which requires each Party to protect the confidentiality of proprietary formulas for food products in the same manner for domestic and imported products. It also limits such information requirements to what is necessary to achieve legitimate objectives.

See attachment for more details on agriculture market access and Canada's Milk Class Pricing

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