

United States Senate

October 26, 2020

The Honorable Robert Lighthizer
United States Trade Representative
600 17th St, NW
Washington, DC 20508

Ambassador Lighthizer:

I write today to express a deeply troubling development in the implementation of the U.S. Mexico Canada Agreement (USMCA) grain grading policies. I understand that at a recent meeting of the Tri-National Accord, Canada made it clear that they do not intend to start fairly grading Montana's wheat products. I supported USMCA because the Administration committed to using the new agreement to fix wheat grading issues. Now it appears that this may be another broken promise this Administration made to Montana's farmers on international trade issues. I ask that you immediately reach out to Canadian trade representatives to resolve grain grading issues, and level the playing field for Montana's wheat farmers.

USMCA sought to address a critical discrepancy in U.S.-Canada wheat trade by prohibiting either country from discriminating against the other's grain. In theory, USMCA ends the Canadian practice of automatically downgrading all imported wheat to feed wheat, which is the lowest grade and therefore the cheapest to import. However, USMCA does not address the inherently discriminatory Canadian Varietal Registration System (VRS), a list of wheat varieties that may be sold on Canadian markets. Wheat varieties not registered in the VRS must be sold as feed wheat, regardless of USMCA. The VRS includes very few varieties grown in the U.S., excluding many varieties grown in Northern tier states like Montana. As USMCA goes into effect, the State of Montana is hearing that the Canadian government is unwilling to make changes to the VRS that would bring any real equity to the grain grading system. If Canada continues to refuse to accept U.S. varieties into the VRS, then U.S. grain growers are back at square one, and will be forced to sell their high-quality product as a low-quality import.

Over the past four years, the U.S. engaged in a multilateral trade war that upended global markets and hurt Montana farmers and ranchers. As crop prices declined and input prices increased, the economic consequences of this self-inflicted trade conflict dug deep into rural America. But farmers and ranchers are resilient, and they balanced their books each year with the hope that next year would bring new trade agreements and new market access. USMCA held such promise, but if we are unable to deliver any real outcomes for Montana farmers from the deal, we are failing folks in production agriculture. Without robust enforcement, negotiated trade agreements will be unable to bring certainty and market stability to American farmers and ranchers.

JON TESTER
MONTANA

COMMITTEES:
APPROPRIATIONS
BANKING
COMMERCE
INDIAN AFFAIRS
VETERANS' AFFAIRS

SENATE HART BUILDING
SUITE 311
WASHINGTON, DC 20510
202-224-2644

tester.senate.gov/contact

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While I continue to hear the Administration and my Republican colleagues tout the success of USMCA in press releases, the fact remains that there is still work to do for Montana's wheat farmers. That's why I ask that you immediately work to remedy the grain grading discrepancy, rather than tout USMCA as an untarnished success. Thank you for your time and attention to this important issue.

Sincerely,



Jon Tester

BILLINGS
(406) 252-0550

BOZEMAN
(406) 586-4450

BUTTE
(406) 723-3277

MISSOULA
(406) 728-3003

GREAT FALLS
(406) 452-9585

HELENA
(406) 449-5401

KALISPELL
(406) 257-3360