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Canada's Dairy Trade Actions Hurting Rural America
U.S. Dairy Groups Urge Federal and State Governments to Retaliate

WASHINGTON, D.C. – U.S. dairy organizations today urged the Trump Administration to fight back against protectionist Canadian trade policies that are slamming the door to American dairy exports in violation of existing trade commitments between the two nations.

The National Milk Producers Federation (NMPF), the U.S. Dairy Export Council (USDEC) and the International Dairy Foods Association (IDFA) called on the federal government, and on governors in northern states, to take immediate action in response to Canada's violation of its trade commitments to the United States.

Because of the new "Class 7" pricing policy, which is expressly designed to disadvantage U.S. exports to Canada and globally, multiple dairy companies in Wisconsin and New York have been forced to inform many of their supplying farmers that the Canadian market for their exports has dried up. For some farmers, this means that the company processing their milk and shipping it to Canada can no longer accept it starting in May. This is a direct consequence of Canada's National Ingredients Strategy and new Class 7 milk pricing program.

"Canada's protectionist dairy policies are having precisely the effect Canada intended: cutting off U.S. dairy exports of ultra-filtered milk to Canada despite long-standing contracts with American companies," said Jim Mulhern, president and CEO of NMPF. "American companies have invested in new equipment and asked dairy farmers to supply the milk to meet demand in the Canadian dairy market. This export access has suddenly disappeared, not because the market is gone, but because the Canadian government has reneged on its commitments."

"Our federal and state governments cannot abide by Canada's disregard for its trade commitment to the United States and its intentional decision to pursue policies that are choking off sales of American-made milk to the detriment of U.S. dairy farmers," said Tom Vilsack, president and CEO of USDEC "It is deeply concerning that Canada has chosen to continue down

a ‘beggar thy neighbor’ path of addressing its internal issues by forcing the U.S. dairy industry to bear the harmful consequences.”

Vilsack noted that while farm families in the Northeast and Midwest are suffering the immediate consequences of the loss of Canadian markets, “thousands more will suffer if Canada persists in using its programs to distort the global milk powder markets so critical to tens of thousands of American dairy farmers.”

“The U.S. dairy industry is united on this issue because these restrictive policies effectively bar a significant U.S. export to Canada, with total losses estimated to hit \$150 million worth of ultra-filtered milk exports from Wisconsin and New York. As we feared, these policies are now prohibiting our nation’s dairy processors from accessing the Canadian market,” said Michael Dykes, D.V.M., president and CEO of IDFA. “IDFA is speaking out against Canada’s protectionist policies on Capitol Hill, and asking the Trump Administration and state governors and legislators to insist that Canada honor its trade commitments and allow more market access for U.S. dairy products.”

Despite efforts by the U.S. government and dairy organizations to shed more light on the Canadian program, Canada is refusing to share sufficient details. For instance, limited information has been posted online by certain provinces, and some of that information has subsequently been removed from provincial milk authorities’ websites in what appears to be aimed at obfuscating how the program operates. Despite this lack of transparency, U.S. companies and their supplying farmers are already feeling its real-world consequences.

The United States is Canada’s largest export market, accounting for approximately three-fourths of Canada’s total exports. The organizations urged both federal and state governments to move swiftly to demonstrate to Canada that trade is a door that must swing two ways to have a functional relationship.

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The National Milk Producers Federation (NMPF), based in Arlington, Va., develops and carries out policies that advance the well-being of U.S. dairy producers and the cooperatives they collectively own. The members of NMPF’s cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. For more on NMPF’s activities, visit www.nmpf.org.

The U.S. Dairy Export Council (USDEC) is a non-profit, independent membership organization that represents the global trade interests of U.S. dairy producers, proprietary processors and cooperatives, ingredient suppliers and export traders. Its mission is to enhance U.S. global competitiveness and assist the U.S. industry to increase its global dairy ingredient sales and exports of U.S. dairy products. USDEC accomplishes this through programs in market development that build global demand for U.S. dairy products, resolve market access barriers and advance industry trade policy goals. USDEC is supported by staff across the United States and overseas in Mexico, South America, Asia, Middle East and Europe.

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.