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NMPF, USDEC Dairy Cooperative Leader Outlines NAFTA Renegotiation Priorities at Congressional Hearing

Darigold CEO Says 25,000 Dairy Jobs on the Line with Renegotiation of NAFTA

(Washington, D.C.) – The CEO of a major farmer-owned dairy cooperative in Washington state told a congressional panel today that the North American Free Trade Agreement (NAFTA) has created jobs and increased sales for his company and the entire U.S. dairy sector, and that a renegotiated treaty must maintain market access to Mexico while also fixing trade challenges with Canada.


Stan Ryan

"An agreement that has done this much good and that supports more than 25,000 in the dairy sector alone must be preserved," said Stan Ryan, president and CEO of Darigold in Seattle. Darigold is the third-largest privately held business in Washington state, with total annual sales of $2.1 billion in fiscal year 2017. Darigold markets 40 percent of its milk products outside the United States. The cooperative is a member of both the National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC).

On Tuesday, Ryan told members of the House Ways and Means Subcommittee on Trade that Darigold and other U.S. dairy companies have benefitted from NAFTA through "stronger demand for their milk than would otherwise be the case. It is critical that this progress not be reversed and that our fully open access to the Mexican market remain in place." Ryan's full testimony can be found here.

"NAFTA has been a driving force behind remarkable growth in dairy exports and is the reason the United States' share today of Mexico's dairy imports is 73 percent," Ryan said, adding that U.S. dairy sales to Mexico have risen to $1.2 billion in 2016 from just $124 million in 1995.

Ryan noted that the preferential tariffs enjoyed by the United States could be undermined if the dairy-specific benefits of NAFTA are watered down in a revised pact. He also said Mexico is currently negotiating a trade agreement with the European Union and exploring possible agreements with New Zealand and Australia, all of which are significant dairy exporters with an interest in expanded sales to North America.

NAFTA is “the vehicle the U.S. will need to ensure that we remain competitive in that market, should Mexico decide to use its ongoing trade discussions with major dairy exporting nations to open up new inroads to its market,” Ryan said.

His testimony also focused on the lack of U.S. dairy access to Canada included in NAFTA, a hold-over from when the agreement was negotiated in the early 1990s, as well as subsequent challenges that have resulted from Canadian policies designed to distort trade.

“NAFTA modernization discussions are an unmissable opportunity to address just that type of unfinished business in order to truly open up the North American market and put our dairy exports to Canada on par with the vast majority of the rest of the U.S. economy,” Ryan said.

In particular, he focused on a new Canadian pricing scheme developed to restrict U.S. dairy protein exports to Canada while also facilitating the disposal of Canada’s excess milk proteins in world markets. This system “is actually eroding what little opportunity the U.S. had for sales in Canada, and even worse, it is being used to underprice dairy products from the U.S. and other major dairy suppliers in markets around the world,” Ryan said.

Canada’s National Ingredient Strategy contravenes the spirit of Canada’s World Trade Organization and NAFTA trade commitments, Ryan said, adding that the new Class 7 pricing strategy allows Canada to sell milk powders at prices intended to undercut competing products from other nations, even though domestically Canada has one of the world’s highest raw milk prices.

“If Canada wishes to retain a government-run system of micro-managing its milk supply, that is its prerogative, but that does not give it the right to use the high returns from that system to disrupt with indirect subsidies the commercial dairy markets on which Darigold and countless other good-faith competitors in the U.S. and elsewhere rely,” he said.

“Common-sense economics would say, if it looks and feels like subsidized dumping, it probably is,” Ryan said. “This just started, and it will damage U.S. dairy export shares around the globe. We request that Congress work with the Administration to repeal it.”

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About NMPF
The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the wellbeing of dairy producers and the cooperatives they 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. Visit www.nmpf.org for more information.

About USDEC
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.