



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"

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NMPF Statement on Comments from Canadian Foreign Affairs Minister Chrystia Freeland
From Jim Mulhern, President and CEO, NMPF:

ARLINGTON, VA – “In her speech to Parliament today, Canadian Foreign Affairs Minister Chrystia Freeland seems to want it both ways – free trade with the United States in areas where Canada is competitive, but high protectionist walls when it comes to keeping out U.S. dairy imports. Moreover, Minister Freeland’s comments Monday about the dairy trade elements of the upcoming NAFTA talks are completely misleading.

“For too long, Canada has relied on government controls on farm milk production to boost prices, while minimizing dairy imports to limit competition. By comparison, the United States has slashed its government involvement in dairy markets, and relies on exporting its products to global customers to a greater degree than ever before.

“That’s why the United States and [other major dairy exporting nations](#), including Mexico and Argentina, are so upset with Canada’s latest Class 7 pricing scheme that is designed to undercut world market prices and unfairly dump Canada’s surplus milk at the expense of the United States and other exporters. Ironically, Canada’s so-called ‘supply management’ system is failing to manage supply. Despite having no domestic market for more milk solids, the government there has sharply increased farm level production quotas, resulting in an accompanying spike of almost 300 percent in Canadian milk powder exports in 2017 so far. These exports are only made possible because Canada manipulates domestic pricing through the Class 7 subsidy scheme.

“Canada cannot be allowed to maintain a system that establishes one of the highest milk prices in the world within its borders while using world markets as a dumping ground for a huge increase in its production. While it has the right to choose its own domestic farm policies, Canada doesn’t have the right to use those policy tools to manipulate global dairy markets to the benefit of Canada’s lucrative dairy industry, and the detriment of the rest of the world’s dairy exporters.

“Regarding Minister Freeland’s comment that the United States should be grateful that it sells more dairy products to Canada than it imports, this is hardly an example of a ‘good deal’ for farmers in the United States or consumers in Canada. Much of what the United States exports to Canada is ultimately

shipped back out under Canadian import for re-export programs. Canada has been refusing to share details of imports and exports under those programs, but the reality is that much of the dairy the United States ships to Canada doesn't stay in Canada.

"The Canadian supply management program was basically ignored in 1993 when NAFTA was first negotiated. As the next generation of NAFTA arrives, here's hoping that Canada is finally ready to have its dairy sector play by the same set of rules everyone else has been operating under for years."

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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 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. For more on NMPF's activities, visit our website at www.nmpf.org.