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CONTACT:

Luke Waring
USDEC
PHONE: 703-528-3049
lwaring@usdec.org

Alan Bjerga
NMPF
PHONE: 703-243-6111
abjerga@nmpf.org

Mexican Border Closing Would Wreak Further Economic Havoc for U.S. Dairy

ARLINGTON, VA – April 1, 2019 – An administration proposal to close the U. S. southern border with Mexico would send shock waves through the U.S. dairy industry, closing off access to its largest dairy export market, according to leading U.S. dairy organizations.

“The dairy industry is suffering through one of its worst economic periods ever,” said Jim Mulhern, president and CEO of the National Milk Producers Federation (NMPF). “Low milk prices are already creating hardship for farmers, and further supply disruptions would only prolong producer difficulties.” More than seven dairy farms close each day in the United States, according to data from the USDA.

“Dairy exporters already are suffering from diminished access to export markets due to high tariffs and lack of progress on U.S. trade agreements,” noted Tom Vilsack, president and CEO of the U.S. Dairy Export Council (USDEC). “Closing the U.S. southern border to Mexico would be a gut punch that could set the industry back by a decade or two.”

Mexico is U.S. dairy’s largest export customer, purchasing \$1.4 billion (USD) in 2018. “There is not a ready alternative market for the millions of gallons of milk that are converted into the thousands of tons of dairy ingredients and cheese we ship to Mexico,” Vilsack said. “It is very difficult to fathom the impact closing the U.S.-Mexico border would have on U.S. agriculture, and both the American and Mexican food industries.”

USDEC has spent more than two decades building the market for U.S. dairy products in Mexico. Mulhern and Vilsack noted that as bad as a southern border closing would be for the U.S. dairy industry, it will hurt their friends and colleagues in Mexico even worse, given the dependence of its consumers on U.S. products. “U.S. dairy products are the lifeblood to the Mexican food industry, whose development USDEC and NMPF have helped foster,” Mulhern said.

“We cannot condone limiting access to food as a bargaining chip in solving immigration issues,” Vilsack concluded.

U.S. Dairy Exports to Mexico at a Glance:

- In 2018, a record 15.8 percent of U.S. milk production was exported. Mexico was the largest single customer for U.S. dairy exports, with sales of \$1.4 billion (USD).
- U.S dairy exports totaled \$5.59 billion (USD) in sales in 2018—an increase of 619 percent since 1995. Mexico and Southeast Asia are America’s top two dairy export markets, accounting for 39 percent of total annual export value.
- Mexico is the largest customer for U.S. milk powder, cheese and butterfat. 2018 was a record year for U.S. sales of nonfat dry milk/skim milk powder and butterfat to Mexico while milk protein concentrate sales reached a 10-year high.
- Every \$1 of U.S. dairy exports to Mexico generates \$2.50 of economic activity in the United States, according to a study by Informa Economics.

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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 nearly 32,000 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 U.S. Dairy Export Council prohibits discrimination on the basis of age, disability, national origin, race, color, religion, creed, gender, sexual orientation, political beliefs, marital status, military status, and arrest or conviction record.