

January 11, 2017

Mr. Donald J. Trump  
Office of the Presidential Transition  
1717 Pennsylvania Avenue NW  
Washington, D.C. 20006

Dear President-elect Trump:

Congratulations on your election to serve as the 45<sup>th</sup> President of the United States. We look forward to working with you and your administration on issues important to the U.S. dairy industry.

We are writing today to highlight Canada's latest actions taken in direct violation of its trade commitments with the United States with respect to dairy. Provincial policies for ingredient class milk pricing, adopted last April, are displacing U.S. exports into Canada and costing the U.S. thousands of jobs on farms, in processing plants and throughout the supply chain. This negative impact is conservatively estimated at \$150 million worth of ultra-filtered milk exports being lost by companies in Wisconsin and New York, who are highly reliant on their trade with Canada. In fact, the entire U.S. dairy industry is being hurt, as milk prices are being driven down nationally by Canada's trade actions. Further, these displaced U.S. dairy exports are also depressing global skim milk prices. Moreover, USDA estimates that each \$1 billion of U.S. dairy exports generates over 20,000 U.S. jobs and almost \$3 billion of economic output, and U.S. dairy suppliers are reporting that they are already losing business because of these programs. Thus, Canada's current actions are resulting in lost revenues and jobs for dairy farmers and processors across the United States.

To add insult to injury the Canadian industry has put forward a National Ingredients Strategy that in broad terms would take the provincial programs and nationalize them, putting further pressure on the economies of the American communities that export ultra-filtered milk and other dairy products to Canada. Having an even wider impact on America's dairy farmers and processors, additional large volumes of skim milk powder will be forced onto the thinly traded global market resulting in a further depression of prices that will negatively impact the revenues of dairy farmers around the world.

The U.S. dairy industry is already restricted by Canada's exorbitant tariffs and the limited market access granted under the North American Free Trade Agreement (NAFTA). As one of our top trading partners, Canada's flouting of its trade obligations is unacceptable. It is clear that these policies were implemented to intentionally block imports from the United States and are therefore in direct violation of Canada's trade commitments under NAFTA and the World Trade Organization.

The U.S. dairy industry is highly competitive internationally, and overseas markets represent a vital source of future growth opportunities including thousands of new American jobs. Not long ago, the United States was a net importer of dairy products, but now our nation benefits from a

dairy trade surplus of over \$2 billion. Enforcement of current trade agreements, whether bilateral or multilateral in nature, is central to strengthening the U.S. economy.

We welcome the opportunity to work closely with your nominees for the U.S. Trade Representative Mr. Robert Lighthizer, and for Secretary of the Department of Commerce Wilbur Ross, as well as White House Advisor Peter Navarro and other key members of your Cabinet. We appreciate your consideration of this issue, as resolving it is a matter of urgency.

Sincerely,



Michael Dykes, D.V.M.  
President & CEO  
International Dairy  
Foods Association



Jim Mulhern  
President & CEO  
National Milk  
Producers Federation



Matt McKnight  
Acting Chief of Staff  
U.S. Dairy Export  
Council



Barbara P. Glenn, Ph.D.  
Chief Executive Officer  
National Association  
of State Departments  
of Agriculture

cc:

Robert Lighthizer, Nominee, U.S. Trade Representative

Wilbur Ross, Nominee, Department of Commerce

Peter Navarro, Advisor, White House National Trade Council

Orrin Hatch, Chairman, Senate Committee on Finance

Ron Wyden, Ranking Member, Senate Committee on Finance Committee

Kevin Brady, Chairman, House Committee on Ways and Means

Richard Neal, Ranking Member, House Committee on Ways and Means

Pat Roberts, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry

Debbie Stabenow, Ranking Member, Senate Committee on Agriculture, Nutrition, and Forestry

Michael Conaway, Chairman, House Committee on Agriculture

Collin Peterson, Ranking Member, House Committee on Agriculture