

STRAIGHT FROM THE COW'S MOUTH THE FACTS ON DAIRY



Canada is the **third-largest market for U.S. dairy producers**, and Canadians import significantly more dairy products from the U.S. than they export. The Canadian market is **open and fair to U.S. dairy farmers**.

SUPPLY MANAGEMENT FOR DAIRY EXPLAINED

Canada's supply management system has been in place for over 50 years. It is designed to balance domestic dairy supply with consumer demand to prevent overproduction and help Canadian dairy producers weather difficult trends in the global market. The Canadian market is *open* to U.S. dairy producers and exporters.

CANADA BUYS U.S. DAIRY

In 2017 the U.S. exported nearly \$470 million worth of dairy products to Canada—giving the U.S. a \$333 million surplus with Canada. Despite complaints from some farmers, the U.S. Dairy Export Council says U.S. dairy exports *grew* in all of their top markets from 2016–2017. Canada is no exception: in the last 15 years, U.S. dairy exports to Canada *increased* by almost 250% in value. In fact, as a share of domestic consumption, Canada imports more cheese, butter, and skim milk powder than the United States.

NAFTA IS GOOD FOR U.S. DAIRY FARMERS

In 2017, 99% of U.S. dairy exports to Canada were eligible to enter the country tariff-free largely due to NAFTA. The U.S. has preferential duty-free access in limited quantities under NAFTA for a wide range of dairy products, and duty-free access in unlimited quantities for many others—including diafiltered milk. High tariffs apply to fewer than 1% of U.S. dairy exports to Canada, and only when these are above a certain volume limit. The U.S. also has high tariffs above certain volume limits for Canadian dairy, sugar, peanut butter, and other agricultural products.

CANADA IS NOT THE PROBLEM

U.S. dairy farmers are facing low world prices due to a surplus of dairy products. But the U.S. Department of Agriculture is clear that the challenges in the U.S. dairy sector are a result of changes in China, Russia, and Europe—not Canada. Canada's market is too small to influence global prices. Canada has less than 1% share of global dairy trade, a population 1/10 the size of the U.S., and fewer cows than Wisconsin alone. **Let's talk facts, not blame Canada.**

