

THE FACTS ON CANADIAN DAIRY STRAIGHT FROM THE COW'S MOUTH

Canada was **the second-largest export market for U.S. dairy products** in 2019, and is consistently in the top three. The U.S. exports significantly more dairy products to Canada than it imports from Canada. The Canadian market is **open and fair to U.S. dairy farmers, processors and exporters.**

SUPPLY MANAGEMENT FOR DAIRY

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. For instance, the system allows farmers and consumers to benefit from stable prices even during the current pandemic as Canadian producers adjust supply to meet domestic needs. The Canadian supply management system does not contribute to the global dairy market problems.

CANADA BUYS U.S. DAIRY, AND LOTS OF IT

Canada is consistently one of the most important export markets for U.S. dairy. In 2019, the U.S. exported nearly \$667 million worth of dairy products to Canada—giving the U.S. a trade surplus with Canada for dairy, even though the U.S. market is nearly ten times larger. In the last 15 years, U.S. dairy exports to Canada have tripled in value. The Canadian market is open to U.S. dairy farmers, processors and exporters.

CANADA IS NOT THE PROBLEM

Canadian dairy policies are not responsible for the challenges facing U.S. dairy farmers. With less than 1 percent of global dairy trade in 2019, a population nearly a 1/10 the size of the U.S. and fewer cows than in Wisconsin alone, Canada's market is too small to influence global prices.

THE U.S. DAIRY INDUSTRY HAS PREFERENTIAL ACCESS TO CANADA

The U.S. enjoys preferential access to the Canadian dairy market, with either unlimited or within-quota tariff-free access for all dairy products. In 2019, 99 percent of U.S. dairy exports to Canada were eligible to enter tariff-free. As has been the case in past years, the U.S. has been a key beneficiary of Canada's excellent track record of filling the tariff-free import quota volumes for dairy products. Under the USMCA, Canada agreed to provide additional market access to the U.S. for dairy and Canada is honouring this commitment.