

United States Senate

WASHINGTON, DC 20510

April 11, 2017

The Honorable Michael L. Young
Acting Secretary
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250

The Honorable Stephen Vaughn
Acting Ambassador
United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

The Honorable Wilbur Ross
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

Dear Acting Secretary Young, Acting Trade Representative Vaughn, and Secretary Ross,

We write to request your immediate attention to a trade matter with Canada that is causing severe harm to dairy farmers in the U.S. Following Canada's action earlier this year to formalize a new milk pricing scheme, dairy processors in the U.S. have been abruptly informed by their Canadian customers that these Canadian companies are drastically reducing their purchases of and in some cases will no longer buy American milk. This action has left many farmers facing terribly difficult decisions about the future of their farms. We urge you to immediately address this with your Canadian counterparts and to launch an investigation into whether Canada's Class 7 National Ingredients Strategy and Ontario's Class 6 pricing programs are in compliance with Canada's long standing trade commitments to the United States.

Canadian dairy pricing policies are upending long-standing trade relationships with American dairy companies and have resulted in the sudden loss of major contracts for companies in both of our states. Canada's new Class 7 National Ingredients Strategy and the Ontario Class 6 pricing program appear to be designed in ways to intentionally displace current U.S. dairy imports and to also negatively impact global milk powder markets. We are extremely concerned that these programs appear to violate Canada's existing trade commitments to the United States. We have serious doubts as to how these programs are compliant with Canada's North American Free Trade Agreement (NAFTA) and World Trade Organization (WTO) obligations.

The Ontario Class 6 program has already slashed U.S. exports of ultra-filtered milk starting in mid-2016 and companies are reporting further losses of contracts already this year as Class 7 has been instituted. The loss of these, and likely other exports, as a result of the Class 6 and 7 programs will harm dairy manufacturers and their supplying farms in areas of our states that rely on the jobs the dairy industry provides. In addition to these revised pricing policies, Canada has also reportedly been considering additional avenues that press reports indicate could be pursued strictly to curtail U.S. dairy exports.

It has become abundantly clear that Canada has been pursuing ways to impede U.S. dairy exports through various policy and regulatory tools. Canada cannot be allowed to continually impair the value of concessions the U.S. previously secured under our prior trade agreements nor to disrupt global milk powder markets to the detriment of companies all across this country that rely on them to help provide returns to our dairy farmers.

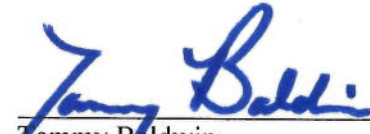
We thank you for the U.S. Government's work to date on this issue and urge you to fully investigate whether Canada's Class 7 National Ingredients Strategy and Ontario's Class 6 pricing program are in keeping with Canada's commitments to the United States under NAFTA and the WTO. In addition, we urge you to exhaust all potential avenues to bring Canada into compliance with its trade commitments and establish dependable trading conditions for U.S. companies exporting to Canada.

Dairy farmers should not have their businesses ruined and lives upended as a result of this unfair trade practice. Canada must be clearly and swiftly reminded in a concrete way that dependable trading conditions between our two countries are critically important to their country as well.

Sincerely,



Charles E. Schumer
United States Senator



Tammy Baldwin
United States Senator



Kirsten Gillibrand
United States Senator