



January 8, 2025

The Honourable Julie Collins
Minister for Agriculture, Fisheries and
Forestry
Post Office Box 6022
Parliament House
Canberra ACT 2600

The Honourable Don Farrell
Minister for Trade and Tourism
Post Office Box 6022
Parliament House
Canberra ACT 2600

The Honourable Todd McClay
Minister of Trade, Minister of Agriculture
Private Bag 18888
Parliament Buildings
Wellington 6160

The Honorable Katherine Tai
United States Trade Representative
600 17th Street NW
Washington, DC 20508

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington DC 20250

Dear Minister Collins, Minister Farrell, Minister McClay, Ambassador Tai and Secretary Vilsack:

The dairy industries of Australia, New Zealand and the United States are writing to communicate our common and ongoing concerns over Canadian exports of dairy protein products. At artificially low prices, these exports are distorting and undermining world markets to the detriment of the processors and producers we represent.

This joint letter follows representations of individual concern from each of us. We now request your collective and coordinated action, using all tools available to you, to address the mechanisms that enable these exports from being dumped into world markets.

While the policies are complex, the issue is simple: It is well known that Canada's supply management system generates a surplus of dairy-solids non-fat (SNF) that is not absorbed in its domestic market. Canada's milk pricing mechanisms are purposefully designed to incentivize the disposal of that surplus on global markets through the intentional underpricing of dairy proteins. Canadian processors are accessing SNF at prices significantly less than the Canadian cost of production, leading to the unfair export of a range of dairy protein products at artificially low prices. Volumes of these artificially low-priced exports are increasing as Canadian



processors capitalize on the unfair advantage from these policies that manipulate Canada's market at the expense of the rest of the world.

Canada is brazenly maintaining a policy approach that is at odds with its international trade obligations. Canada lost a WTO export subsidies challenge in the early 2000s on practices that enabled the export of artificially priced protein exports. The WTO Nairobi Agreement on Export Subsidies further disciplined the use of the world market as a release valve for domestic surpluses. More recently, the U.S.-Mexico-Canada Agreement (USMCA) sought to constrain the quantity of those artificially low-priced milk protein exports. However, Canada has continued to make adjustments to evade its commitments and ensure the continuation of growing quantities of artificially low-priced exports despite these disciplines.

The negative impact of Canadian dairy pricing practices and their resulting excessive SNF exports on our industries is multi-faceted. Canada's pricing policies have always had a clear import substitution objective within Canada that continues to undermine the limited market access opportunities our exporters have in Canada. Alongside this, the unconstrained growth of Canadian artificially low-priced milk protein product exports undercuts the price of products sourced from elsewhere, depressing the market for these products and displacing longstanding commercial relationships. Individually and collectively, these impacts undermine the commercial competitiveness of our exporting companies and reduce returns to our hard-working dairy farmers.

We are very concerned about the imminent prospect of further Canadian investment, premised on access to cheap SNF to further expand exports and enabled by policies that deliberately circumvent Canada's international trade commitments. Such investment will only serve to further prejudice the trade interests of our industries. If Canada is allowed to get away with its current practices, new processing capacity will be built and expand the harm being caused to legitimate, commercially priced dairy production and exporting interests in each of our regions.

We call upon our Governments to actively pursue these issues using all available tools. For North American signatories to this letter, for whom USMCA was intended to improve North American trade relations and address specific dairy problems, the upcoming review is a clear moment to address Canadian evasion of that Agreement's intent. For other signatories for whom the WTO's rules-based trading system remains the primary avenue to ensure dairy producers in different countries compete globally on a level playing field, the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) would provide enforceability in a challenge to Canada on its adherence to export competition commitments.

We have been fighting against trade manipulative actions by Canada on dairy products for nearly 25 years, yet Canada continues to find ways to evade its trade commitments. This underscores the urgency for action to be taken to challenge Canada's actions and insist on change.



While the means to address Canada's trade delinquency may differ between our governments, the ends we seek are the same. The problem is not going away and curbing the harm and ongoing risk that unfair and anti-competitive Canadian exports create for our industries is now a matter of urgency.

With best regards,

Ben Bennett, Chair
Australian Dairy Industry Council

John Williams, Deputy Chair
Australian Dairy Industry Council

Kimberly Crewther, Executive Director
Dairy Companies Association of New Zealand (DCANZ)

Gregg Doud, President & CEO
National Milk Producers Federation (NMPF)

Krysta Harden, President and CEO
US Dairy Export Council (USDEC)