

Wisconsin Farmers Union: Calls for a dose of reality in trade deal response; urges focus on real solutions for the dairy industry

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CHIPPEWA FALLS– Wisconsin Farmers Union issued a statement today to clarify the actual impact that the proposed USMCA trade deal will have on the U.S. dairy industry. The U.S. Trade Representative reports that the deal would open the door for an additional \$560 Million worth of U.S. dairy products to enter the Canadian market duty-free. That is about 1.5 percent of the total value of U.S. dairy production.[i]

“A 1.5 percent increase in dairy products sold is not going to be the salvation of our dairy industry,” said Wisconsin Farmers Union president Darin Von Ruden. Von Ruden, who dairy farms in Westby, notes that the U.S. has increased domestic dairy production in 18 of the last 20 years, by about 1.5 percent each year. “This small increase in sales to Canada may not even offset our own domestic production increase this year, not to mention where we’ll be at 2 or 3 or 10 years down the road,” said Von Ruden. “We need to exercise some discipline on our own side of the border rather than looking for salvation outside our borders.”

Von Ruden reiterated Wisconsin Farmers Union's longstanding call for a federal policy mechanism to balance supply and demand in the dairy industry.

"Wisconsin dairy farmers are losing money each time they walk into the barn, because the flood of milk on the market has driven the price lower than what it costs to produce it. No government bailout or new trade deal is going to solve that problem. We need a federal framework for bringing milk production in line with demand, and the longer the federal government puts off doing this, the more equity our farms will lose," said Von Ruden.

Agricultural Financial Advisor (AGFA) data from 2017 showed that the average farm lost \$1.04 per hundredweight of milk produced. The USMCA trade deal may provide some additional market for U.S dairy products, but without supply management there is no guarantee that prices will come up to reduce the losses farmers are facing every day.

Von Ruden also noted that the USMCA fails to achieve two other important Fair Trade priorities. "First, the agreement does not provide for Country of Origin Labeling for U.S. meat products, which is supported by 90 percent of Americans," said Von Ruden. "Second, the USMCA fails to eliminate the Investor-State Dispute Settlement (ISDS) mechanism. ISDS allows multinational corporations to overturn U.S. laws that might reduce their profits. ISDS prioritizes the profits of multinational corporations over the needs of U.S. citizens, and is a direct affront to U.S. sovereignty."

[i]Notes on calculation:

- *The USDA reports the total value of U.S. Milk Production at \$34,704,326,000 in 2016 and \$38,114,004,000 in 2017. <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1105>*
 - *Averaging the values for 2016 and 2017 yields \$36,409,165,000.*
 - *\$560,000,000 divided by \$36,409,165,000 equals 0.01538, or approximately 1.5%.*
- *In actuality, this figure probably over-states the value of the new Canadian market access relative to the value of U.S. dairy production. The statistic used as the denominator above is "total value of U.S. Milk Production," which measures farmgate prices. The total value of U.S. finished dairy products is likely several times higher than the farmgate price. If the total value of*

finished dairy products were used as the denominator, the 1.5% figure would be even lower. Unfortunately, USDA does not publish the total value of U.S. finished dairy products.