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May 16, 2017

The Honorable Sonny Perdue  
Secretary of Agriculture  
United States Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

The Honorable Robert Lighthizer  
United States Trade Representative  
Office of the United States Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, DC 20508

Dear Secretary Perdue and Ambassador Lighthizer:

We write to you today regarding the recent changes to Canada's dairy pricing policies and the resulting harm on the United States dairy industry. The U.S. and Canada have a long standing agricultural trade relationship and it is imperative that we hold them accountable for policies that function as trade barriers to U.S. products.

Since April of 2016, Canadian provinces have been modifying their pricing schemes for certain dairy products. Currently, Canadian provinces are implementing pricing changes as part of a new Canadian National Ingredients Strategy. These changes have already caused the immediate displacement of U.S. exports of ultra-filtered milk to Canada. This scheme has resulted in a loss of sales for U.S. dairy companies and farmers. The potential for further and greater injury to U.S. producers will only continue to grow if this scheme remains in place.

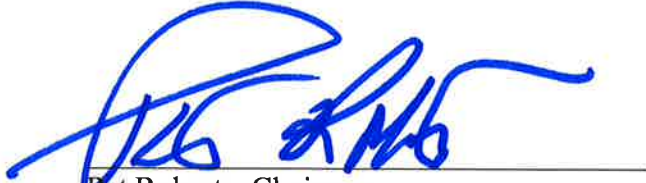
It appears that Canada's supply management system keeps its domestic prices at levels significantly higher than international prices. The new policy allows Canadian dairy processors to obtain some Canadian-produced milk components for certain uses at a much lower cost. This new pricing scheme will likely achieve its intended effect, allowing Canadian dairy products to undercut prices of other dairy exporters. This would cause even more harm to the U.S. dairy industry and other market driven dairy sectors around the world.

We ask that you continue to engage with the Canadian government to pursue and provide detailed information on the new pricing program. In order for the trade relationship between the U.S. and Canada to function and best serve producers on both sides of the border, the U.S. must insist that Canada be transparent and open about the written policies and implementation of these programs.

Additionally, we ask that you evaluate all tools available to help mitigate any damaging effects that directly result from this program and allow U.S. dairy producers to compete with Canada on a level playing field. As the U.S. considers a renegotiation of NAFTA it is imperative that America's hard working farmers and ranchers remain a top priority.

Thank you for the assistance and support that the U.S. Department of Agriculture and the Office of the U.S. Trade Representative have already provided on this issue. We encourage you to continue to engage with the Canadian government to pursue reliable, open, and fair trade.

Sincerely,



Pat Roberts, Chairman  
U.S. Senate Committee on Agriculture,  
Nutrition, and Forestry



Debbie Stabenow, Ranking Member  
U.S. Senate Committee on Agriculture,  
Nutrition, and Forestry