

From: Ross, Chuck [Chuck.Ross@vermont.gov]
Sent: Monday, October 31, 2016 3:00 PM
To: Kosakowski, Alison; Allen, Susan; Coriell, Scott; Bothfeld, Diane; LaClair, Jolinda
Subject: Fwd: GOVERNOR CUOMO CALLS ON CANADA TO RESOLVE POTENTIAL EXPORT BARRIERS TO NEW YORK MILK SUPPLIERS

This is something governor Shumlin may want to consider doing.

If the Canadians do not change or adapt their policies and practices there is a strong risk that it will be addressed in World Court but it may cost US dairy producer and processors lots of money while they await the World Court process to occur.

Deputy Sec Bothfeld and I spent Thursday and Friday at the Tri-national Accords and are aware of the background and conversations that took place

Your thoughts ...

Chuck

Sent from my iPhone

Begin forwarded message:

From: "Ball, Richard (AGRICULTURE)" <Richard.Ball@agriculture.ny.gov>
Date: October 31, 2016 at 2:53:00 PM EDT
To: "Ken.Ayars@dem.ri.gov" <Ken.Ayars@dem.ri.gov>, "Douglas.Fisher@ag.state.nj.us" <Douglas.Fisher@ag.state.nj.us>, "Edwin.Kee@state.de.us" <Edwin.Kee@state.de.us>, "John.Lebeaux@state.ma.us" <John.Lebeaux@state.ma.us>, "Lorraine.Merrill@agr.nh.gov" <Lorraine.Merrill@agr.nh.gov>, "Redding@pa.gov" <Redding@pa.gov>, "Steven.Reviczky@ct.gov" <Steven.Reviczky@ct.gov>, "Chuck.Ross@vermont.gov" <Chuck.Ross@vermont.gov>, "Walt.Whitcomb@maine.gov" <Walt.Whitcomb@maine.gov>, Nathan Bowen <Nathan@nasda.org>
Subject: GOVERNOR CUOMO CALLS ON CANADA TO RESOLVE POTENTIAL EXPORT BARRIERS TO NEW YORK MILK SUPPLIERS

Good afternoon,

Below is the press release sent out by Governor Cuomo earlier today.

Richard

Richard A. Ball

Commissioner

Department of Agriculture and Markets
10B Airline Drive, Albany, NY 12235
(518) 457-8876
<http://www.agriculture.ny.gov>



For Immediate Release: 10/31/2016

GOVERNOR ANDREW M. CUOMO

**GOVERNOR CUOMO CALLS ON CANADA TO RESOLVE POTENTIAL
EXPORT BARRIERS TO NEW YORK MILK SUPPLIERS**

***Urges Canadian Prime Minister to Reconsider New Regulations that
Would Obstruct the Export of a Key New York Dairy Product***

***Proposed Regulations Threaten New York's Largest Agricultural
Sector with Potential \$50 Million Loss***

Coincided with Tri-National Agricultural Accord Meeting in Ontario

Letter to Prime Minister Trudeau [Here](#)

Governor Andrew M. Cuomo announced his opposition to proposed regulations that would create a barrier for New York's dairy farmers exporting a key New York dairy product to Canada. In a letter to Prime Minister of Canada Justin Trudeau, the Governor called on the Canadian Government to develop a national agreement that will mutually benefit trade across borders. If proposed provincial standards are implemented across Canada, they could result in a \$50 million market loss for New York's dairy industry.

"New York's dairy sector is an essential part of our agricultural industry, and these regulations could have devastating effects on our dairy farmers and their families," **Governor Cuomo said.** "I urge our Canadian neighbors to reconsider these potentially harmful regulations and to continue our courteous, mutually beneficial trade relations."

The Governor's letter coincided with the 25th Tri-National Agricultural Accord, held last week in the City of Niagara Falls, Ontario, Canada. The Tri-National Agricultural Accord provides a forum for the United States, Canada and Mexico to work together toward shared priorities and discuss important topics, including climate change, trade and the expansion of food processing sectors.

The Governor's actions are in direct response to the Province of Ontario and the Canadian Milk Supply Management Committee's regulatory plans, which include the Ontario Class 6 regulation and the proposed establishment of a new National Ingredient Strategy that could effectively restrict New York exports of ultra-filtered milk. Ultra-filtered milk is a protein-rich type of skim milk and is primarily used in the production of cheese and yogurt. The letter calls on the Canadian government to confirm that Ontario's Class 6 regulations and the Canadian National Ingredients Strategy are both consistent with existing World Trade Organization policies and the North American Free Trade Agreement.

Over the course of the last several months, New York State has made several attempts to find a solution agreeable to both parties. During a recent visit to Canada, New York Lieutenant Governor Kathy Hochul raised the concerns of New York State with Canadian officials, and in August, New York Commissioner of Agriculture Richard Ball sent a letter to his counterpart in the Province of Ontario, outlining the critical nature of the proposal and its effects on New York State. Commissioner Ball attended the Tri-National Agricultural Accord last week to raise New York State's concerns in person.

New York exports more to Canada than to any other country in the world. Last year, the bilateral trade relationship totaled \$32.93 billion in goods and supported over 500,000 jobs regionally. New York's dairy industry is the State's largest agricultural sector. With more than 5,000 farms, the majority of which are family-run operations, the dairy industry supports the framework of the agricultural economy. The dairy community brought in \$2.5 billion in sales, and the dairy industry hired almost 20,000 people in New York in 2015. New York's dairy products also account for at least 50 percent of all New York State agricultural commodities exported internationally.

Lieutenant Governor Kathy Hochul said, "I have raised this issue with numerous Canadian leaders at the highest levels on behalf of Governor Cuomo and New York State's dairy producers. Dairy is one of the most important agricultural industries in New York State. These proposed regulations would be detrimental to farmers, their families and the relationship with our strongest international trading partners."

State Agriculture Commissioner Richard A. Ball said, "New York's dairy farmers rely heavily on the export of their products and we need to do what we can to ensure they continue to have a home for their milk. We are hopeful the Canadian government, as it weighs its options, will take into account its long and successful trade partnership with New York, and act to resolve this issue that would be detrimental to our agricultural industry."

Congressman Charles B. Rangel said, "I am pleased to see Governor Cuomo take action to address the Canadian Dairy regulations that would have an adverse impact on the economy of New York and our nation's dairy farmers. He is supported by 22 bicameral, bipartisan members of the New York Congressional Delegation who sent a letter to President Barack Obama in September expressing our concerns. We will work together to make sure that trade agreements do not harm workers or industries in our own backyard."

Congresswoman Louise Slaughter said, "Dairy farms are an important part of our region's economy but, unfortunately, are just as susceptible to bad trade policy as manufacturing industries. I have long called for better trade deals and stronger trade enforcement, which is why I have joined with my colleagues in asking the federal government to take action to level the playing field for New York dairy farmers."

Congressman Tom Reed said, "We care about our dairy farmers because this industry is critical to our local economy and our way of life across the region. It's only right that we hold our trade partners accountable and ensure fairness for our dairy farmers and their families. This is a bipartisan cause that we can come together on and fight for positive outcomes."

Congressman Sean Patrick Maloney said, "New York dairy farmers produce some of the highest quality products in the world while contributing millions to our local economies – and I want to thank Governor Cuomo for going to bat for these hard working families," said U.S. Representative Sean Patrick Maloney (NY-18), a member of the House Committee on Agriculture. "I look forward to working with him and others to advocate for our dairy farmers on this important issue."

Congresswoman Elise Stefanik said, "This is a critical issue facing our North Country dairy farmers and I am pleased with Governor Cuomo's announcement today. New York's dairy producers and manufacturers have already lost out on export opportunities since Ontario put this new policy in place this spring. If the agreement is finalized this fall, I am greatly concerned that dairy sales to Canada will further erode at a time

when our dairy farmers are facing some of the lowest milk prices in recent years. Trade with Canada is very important to both New York and Canada; it is essential that we ensure that Canada is reminded of this fact as it contemplates moving forward with additional dairy policies that will harm New York's dairy sector."

Dean Norton, New York Farm Bureau President, said, "Canada is an important trading partner for New York State and our agricultural community. At a time when low milk prices are threatening the viability of some family farms, any step by Canadian leaders to unfairly restrict the flow of milk into the Ontario province and beyond will have detrimental impacts on farmers and the overall farm economy. We appreciate Governor Cuomo and his administration for raising this issue with the Prime Minister, and New York Farm Bureau will continue to work with our state and federal leaders to keep milk flowing across the border."

Connie Tipton, President and CEO of the International Dairy Foods Association, said, "Canada's disregard for its trade commitments with the United States, including the state of New York, is unacceptable. These protectionist policies are in direct conflict with the principles of free markets and fair trade, as well as Canada's obligations under the North American Free Trade Agreement and the World Trade Organization."

Jaime Castaneda, Senior Vice President of the National Milk Producers Federation, said, "Canada has consistently disregarded its trade obligations when it comes to dairy trade. As U.S. dairy processors and farmers invest in new technology to manufacture new products to export to Canada, these new exports have been met with new Canadian policy tools intended to curtail these dairy imports. Since the U.S. brought a WTO case against Canada back in 1997, we have allowed Canada to continue an endless policy of removal of trade concessions. The U.S. dairy industry united says enough is enough. Canada must hold up to its NAFTA and WTO commitments in the dairy industry today and in the future."

Kevin Ellis, CEO of Cayuga Milk Ingredients, said, "The farmer owners of Cayuga Milk Ingredients invested over \$104 million in a state-of-the-art milk processing facility to market their dairy ingredients worldwide, which includes the production of ultra-filtered milk. Canada is now contemplating a National Ingredients Strategy that specifically targets the importation of ultra-filtered milk. This action taken by Canada seems to be incongruent with NAFTA and WTO rules. Cayuga stands to lose 25% of its sales through this action. This will have a devastating effect on Cayuga, and we are urging our U.S. trade representatives to investigate whether or not the Canadian National Ingredients Strategy is compliant with NAFTA and WTO rules."

John Gould, Chairman of the Board of Directors of O-AT-KA said, "O-AT-KA Milk Products is a business that reflects the effort, investment and hopes of hundreds of dairy farmers in Western New York and the hundreds of people we employ in Batavia. Canada continually attempts to erect trade barriers where there should be none and this behavior places 20% of our sales or about 180 million pounds of annual milk production at risk of not having a market. We greatly appreciate the Governor's support in fighting back as Canada should not be able to unilaterally change regulations that contradict their obligations to longstanding trade agreements."

Larry Webster, CEO of Upstate Niagara Cooperative, Inc., said, "I question if we, as a New York cooperative, should give our support to the passage of the Trans-Pacific Partnership if we cannot trust the Canadian government to comply with its past agreements. How Prime Minister Trudeau responds to the Canadian Milk Supply Management Committee's regulatory plans to effectively eliminate the import of ultra-filtered milk should answer that question."

###

Additional news available at www.governor.ny.gov
New York State | Executive Chamber | press.office@exec.ny.gov | 518.474.8418