

USTR takes action on access to Canadian dairy markets

By CAROL RYAN DUMAS
Capital Press

The Biden administration has initiated a second dispute under the U.S.-Mexico-Canada Agreement to address Canada's restrictions on market access for U.S. dairy products.

U.S. Trade Representative Katherine Tai has requested dispute settlement consultations with the Canadian government concerning Canada's ongoing refusal to meet its trade obligations regarding the allocation of tariff-rate quotas, known as TRQs.

A TRQ applies a prefer-

ential rate to a predetermined quantity of imports. Any imports above that quantity are subject to significantly higher tariffs.

The U.S. is challenging Canada's allocation measures that deny access to eligible applicants, including Canadian retailers, food-service operators and other importers.

The U.S. is also challenging Canada's failure to fully allocate its annual dairy TRQs and instead parceling out a few months' quota at a time.

U.S. dairy has argued that Canada reserves the bulk

of TRQ access for Canadian dairy processors, which have little incentive to import competing U.S. product.

The U.S. prevailed in its first dispute settlement in January, with a dispute resolution panel finding Canada's dairy TRQ system violates the terms of USMCA.

In response, Canada issued a new TRQ proposal in March. But that proposal included only inconsequential changes, and Canada's implementation measures and other actions

moved Canada farther from full compliance with its USMCA obligations.

The U.S. Dairy Export Council and the National Milk Producers Federation have been engaged in the issue and earlier this month called on the U.S. government to levy retaliatory tariffs against Canada. The groups applauded the Biden administration's initiation of a second dispute panel.

"USTR and USDA have shown dogged determination to uphold USMCA

despite Ottawa's clear refusal to engage in real reform to come into compliance with the agreement," said Krysta Harden, president and CEO of U.S. Dairy Export Council.

Dairy farmers and processors appreciate the clear bipartisan commitment from both the administration and Congress for enforcing the USMCA and insisting on getting the full export benefits, she said.

"If we allow Canada to simply ignore its clear obligations, it will set a dangerous and damaging precedent for future trade disputes that

will reach far beyond the millions of jobs supported by the American dairy industry," she said.

Canada's updated TRQ system continues to block key stakeholders in the Canadian food and agriculture sector, including retailers, from accessing the TRQs, the groups said.

Canada's allocation method provides inequitable advantages to that nation's dairy processors and fails to employ good regulatory practices to encourage effective use of the TRQs allocated to a given company, they said.



Katherine Tai

U.S. dairy exports set new record in April

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U.S. dairy exports grew 1% in April, setting a new monthly volume record. While the increase was modest, it marked the first year-over-year gain of 2022 and built on the strong performance in March.

April was only the fifth time U.S. dairy exports topped 200,000 metric tons in milk solid equivalent. That mark was previously met in March 2022 and March through May 2021, analysts with the U.S. Dairy Export Council reported.

"The past two months are encouraging, given that they came in the face of ongoing supply chain challenges, COVID lockdowns depressing Chinese demand and rampant global inflation," the analysts said.

Year over year, U.S. export value soared 22% to \$845.6 million, second only to March 2022 for highest monthly U.S. export value.

"Cheese continues to be the U.S. export star in 2022," the analysts said.

U.S. cheese exports in April grew 2% in volume year over year to 41,375 met-

U.S. dairy exports January through April

Product	(Metric Tons)		% change
	2021	2022	
DM/SMP	299,480	276,479	-7.7
Dry whey products	210,150	180,665	-4.8
Cheese	132,750	145,454	9.6
Lactose	126,181	135,608	7.5
WMP	15,237	13,167	-12.4
Butterfat	17,039	25,653	50.5
MPC	13,471	13,589	0.9
Milk/cream (liters)	45,567	46,996	3.1
Total volume* (metric tons)	766,409	759,262	-0.9
Total value (million dollars)	2,449	2,991	22.1

*milk solids equivalent

Source: U.S. Dairy Export Council and U.S. Census Bureau

ric tons — only the third time they've exceeded 40,000 metric tons in a single month. Those exports followed 41,693 metric tons in March.

"It was the first time the United States ever exported more than 40,000 metric tons in two consecutive months," the analysts said.

Central America led growth in cheese exports in April, up 40% to 1,189 metric tons, but volume gains were geographically widespread. Cheese shipments increased 8% to Mexico year over year, 56% to the Caribbean, 17% to Japan and 18%

to the Middle East/North Africa.

"The gains were more than enough to offset year-over-year shortfalls to Australia, Korea, China and South America," the analysts said.

New U.S. cheddar capacity is helping to fuel the gains. Year-over-year U.S. cheddar exports more than doubled in April to 9,231 metric tons, with a big portion destined for Japan. April U.S. cheddar shipments to Japan soared 271% to 3,409 metric tons.

Even with a dip in international cheddar prices "U.S.

cheddar continues to enjoy a significant price advantage over competitors, suggesting further solid numbers could be in the offing," the analysts said.

Whey exports continue to hang tough despite reduced Chinese demand for sweet whey.

Overall U.S. whey export volume was just slightly below a year earlier despite a 43% — or more than 4,000 metric ton — decline in shipments of sweet whey to China.

U.S. sweet whey exports to all other markets grew 2%, up 263 metric tons. And U.S. shipments of all other whey products to all markets grew 12%, an increase of nearly 4,000 metric tons.

"With no expectations for Chinese sweet whey demand to rebound in the short term, the focus moving forward will remain on other sweet whey markets and the rest of the whey complex continuing to pick up the slack," the analysts said.

Outside of sweet whey, the biggest U.S. dairy export decline in April came from nonfat dry milk and skim milk powder, which fell 6% to 73,529 metric tons.

Dairy West, Girl Scouts team up for food donations

Capital Press

Food banks in Idaho and Utah are receiving \$5,000 from Dairy West, a regional dairy promotion organization, after shoppers in the two states donated thousands of boxes of Girl Scout cookies.

This year's Cookies from the Heart campaign asked cookie purchasers to pay \$5 for an extra box of cookies to be donated to local food banks for distribution to their clients.

Additionally, Dairy West gave \$1 per donated box to the food banks for every box donated to pair those cookies with milk. Dairy West committed to donate up to \$5,000 in each state.

To encourage donations, Darigold, a Northwest dairy cooperative, gave out free milk during events held at Albertsons stores in Idaho and Harmon's stores in Utah.

"Dairy farm families are committed to supporting their neighbors and

increasing access to nutrient-rich foods through community partnerships," said Jaelyn St. John, Dairy West director of community wellness.

In Idaho, the effort prompted 16,051 cookie box donations to the Idaho Food Bank — an increase of more than 30% compared to last year's Cookies from the Heart campaign.

"Community partnerships are key to providing neighbors facing hunger with the resources and hope they need to move toward a positive future," said Morgan Wilson, Idaho Foodbank chief development officer.

"This is a great example of collaboration, bringing together the hard-working and dedicated Girl Scouts of Silver Sage and our year-round partner Dairy West," she said.

Dairy West did not get the specific number of donated boxes in Utah but chose to honor the full matching donation of \$5,000 to the Utah Food Bank.



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