



National Farmers Union
Union Nationale des Fermiers



2717 Wentz Avenue
Saskatoon, SK S7K 4B6

p: (306) 652-9465
f: (306) 664-6226
email: nfu@nfu.ca

April 20, 2017

Mr. Donald Trump,
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Trump

Re: Making America's dairy farmers great again

Through the news media, we in Canada have learned of your concern about the difficulties American dairy farmers are experiencing. For well over a year, farm-gate prices for milk have been too low for them to make money, especially for the smaller dairy farms in small towns across your country. Why? The US farm-gate prices are based on world market prices. New Zealand, the European Union and Australia – but not Canada -- are all selling into the now-saturated international dairy market. Too much milk is being produced and the buyers are not buying.

In all these exporting countries, farmers who have the means try to improve their incomes by producing more volume to make up for the low prices. This makes the glut even worse and pushes prices further downward. Farmers who can't expand fall deeper into debt: their daily work brings mounting losses, and even bankruptcy, in spite of their best efforts. We know that the US government offers some support to dairy farmers through Farm Bill programs such as the Margin Protection Program for Dairy, but there is a limit to what the public treasury can provide and a limit to the insurance premiums struggling producers can afford to pay. We feel compassion for your farmers -- we know that in Canada, our parents' generation of dairy farmers went through similar hard times in the mid-1900s.

We believe you now have the opportunity to make America's dairy farmers great again. We would like to offer you the solution that was developed here with the wisdom, foresight and determination of farmers and political leaders, and which has worked well for over 50 years. Canada's unique institution is called Supply Management, and it protects the interests of dairy farmers, processors, and consumers without drawing upon the public purse. Farmers receive a fair return for their labour, management and investment in return for controlling their volume of production; dairy processors receive a reliable supply of milk at predictable prices; consumers receive high quality, wholesome dairy products at reasonable prices and are never faced with shortages. The whole system runs without a penny of government subsidy payments.

The Supply Management system features localized decision-making, democracy, good jobs and fair livelihoods. Each Canadian province has its own milk marketing board run by farmers who are elected by their peers. The scope of these boards' authority is defined by federal legislation, supported by each province's corresponding law and regulations. The Canadian dairy sector offers farmers a decent, predictable livelihood, allowing them to invest in useful technology, adopt sustainable management practices, and employ local workers at good living

Strong Communities. Sound Policies. Sustainable Farms.

nfu.ca

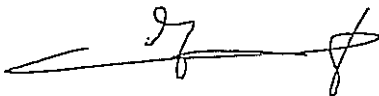
wage rates. Each province has its own dairy processing facilities, providing good jobs in their cities where workers produce milk, cheese, butter, yogurt and other dairy products for Canadian consumers.

The Supply Management system rests on a foundation made of three pillars: import controls, production discipline and cost-of-production pricing. Each pillar is necessary. We control the imports, abiding by trade agreement and WTO rules, in order to accurately predict the amount of dairy production needed to serve our market. This also means that world price fluctuations and currency exchange rates that we cannot control do not upset our market. Our farmers must accept mandatory production discipline so that they provide enough, but not too much, milk for the country's needs. Farmers are willing to limit production because the farm-gate price they receive per litre is determined annually through a cost of production formula that encourages efficiency. With these basics in place we continue to have a dairy sector that provides a living for families who operate smaller and medium-sized farms. Our average herd size does not stress local ecosystems or animal welfare. Dairy farmers' income stability often provides an economic anchor in their communities when other agricultural products or industries experience instability and insecure incomes. Thus, our Supply Management system contributes to rural employment, quality of life and a stronger social fabric in addition to its economic contributions.

It is often said that a crisis can become an opportunity if used creatively. We encourage you to lead the United States to adopt a Canadian-style supply management system. This would help make American dairy farmers great again by giving them back control over their industry's dynamics and providing the solution to their income crisis. It would also relieve your government of the need to subsidize farmers when world prices plummet, and it would ensure American consumers will be able to reliably obtain all the wholesome "made in America" dairy products they need at fair prices.

Please feel free to contact me if you would like more information about the Canadian dairy supply management system.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jan Slomp', written over a horizontal line.

Jan Slomp
President, National Farmers Union (Canada)