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Darigold CEO Testifies at Congressional Hearing on NAFTA

Stan Ryan asks for priority to be placed on preserving NAFTA, while fixing Canadian dairy trade issues

SEATTLE, July 18, 2017 – On behalf of the U.S. dairy industry, Darigold President and CEO Stan Ryan testified today before a Congressional panel regarding the North American Free Trade Agreement (NAFTA) in Washington, D.C.

"Just like the rest of U.S. agriculture, consistent market access and a level playing field are vital to our prosperity," Ryan told the panel. "Withdrawing from NAFTA would unwind significant progress. Even a status quo posture risks a setback, as our global competitors are emboldened and aggressively advancing their own trade agendas. We must lean forward into trade."

Darigold produces quality dairy products and sells about 40 percent of those internationally, exporting to more than 20 countries. Mexico is Darigold's largest export destination. Prior to joining Darigold, Ryan spent 25 years with Cargill, serving in a number of executive and general management roles and living in six countries. Throughout his career, he has worked in agribusiness and global trade.

The House Ways and Means Trade Subcommittee, chaired by Rep. Dave Reichert (R-WA), held the hearing today to analyze whether NAFTA has been successful for the U.S. economy and job creation, and whether NAFTA can be modernized to better address issues affecting U.S. workers, business and consumers.

Global consumers get quality products at better prices through trade, in support of improved global food security. "The U.S., in turn, gets economic security and good jobs," Ryan said. "Trade and U.S. agriculture are a perfect fit. Our most natural trading partners in agriculture are our neighbors."

Focusing on dairy, the industry exports 15 percent of U.S. milk production or approximately \$5 billion, which is estimated to support 100,000 American jobs. "The U.S. dairy industry is a global low cost producer with sustainable resources and

practices," he said. "We have incredibly efficient dairy farms, immensely capable farmers, and an overall agribusiness eco-system that sustains our competitiveness."

While maintaining market access to Mexico is important, Canada is more complex and challenging for dairy. NAFTA did not open up Canada the way it did with Mexico, and they maintain tariff rate quotas of 200 to 300 percent.

Ryan asked the members of Congress present to:

- Remove any ambiguity or uncertainty of our commitment to Mexico, reinforce our relationship, and cement trade flows.
- Work with the Administration to repeal Canada's new Class 7 Pricing Strategy. This matches the lowest prices in the world for milk protein finished products, despite having one of the world's highest raw milk prices domestically, all operating under a state controlled and protected system. The strategy facilitates disposal of Canada's excess milk proteins in world markets.
- Ensure that the Administration seek dairy access to Canada that is duty-free, just like in Mexico, and pursue the same type of benefits.

"Common sense economics would say, if it looks and feels like subsidized dumping, it probably is," Ryan said of the Canadian pricing strategy. "This will damage U.S. dairy export shares around the globe."

Other industries testifying on the panel today included power generation, energy, farming and e-commerce. More information can be <u>found here</u>, and a link to Ryan's full testimony is <u>here</u>.

About Darigold: Headquartered in Seattle, Darigold, Inc. is the marketing and processing subsidiary of Northwest Dairy Association (NDA), which is owned by nearly 500 dairy farm families. NDA members ship approximately 8.4 billion pounds of milk annually from farms in Washington, Oregon, Idaho and Montana. Darigold, Inc. produces a full line of dairy-based products for retail, foodservice, commodity and specialty markets, and is one of the largest U.S. dairy processors. Darigold, Inc. operates 11 processing plants throughout the Northwest, processing high-quality milk produced by its dairy farm families. For more information, see www.darigold.com.