



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

ANDREW M. CUOMO
GOVERNOR

October 25, 2016

The Honorable Justin Trudeau
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Dear Prime Minister Trudeau:

As you know, New York State and Canada enjoy an especially harmonious and beneficial cultural, regional and economic bilateral relationship. New York exports more to Canada than to any other country in the world, and, last year, our entire bilateral trade relationship totaled \$32.93 billion in goods and supported over 500,000 jobs regionally. This is why I was distressed to hear that the Province of Ontario and Canadian Milk Supply Management Committee (CMSMC) have embarked on regulatory regimes, including the proposed establishment of a new National Ingredient Strategy, that could effectively block New York exports of ultrafiltered milk - potentially violating World Trade Organization (WTO) commitments. I urge you to ensure that any new Canadian program does not follow the flawed approach of seeking to solve the challenges of Canada's dairy industry by creating barriers that hamper the exports of products from New York's dairy industry.

My administration has sought to engage and work with our Canadian partners to resolve this issue for several months now. During a recent visit to Canada, New York Lieutenant Governor Kathy Hochul raised our concerns with Canadian officials, and, in a letter sent in August, New York Commissioner of Agriculture Richard Ball underscored the importance of this issue to his counterpart in the Province of Ontario. We understand that the Canadian dairy industry, like many around the world including our own, is going through a period of transition and regulatory reform. However, by no means does this make it acceptable for Canada to flout international trade agreements and devise strategies that unfairly harm a key export from New York.

More specifically, the Ontario Class Six regulation implemented on April 1, 2016 is extremely troubling because it is intentionally designed to disincentivize Canadian processors from using imported non-fat milk solid materials as ingredients in formulating other dairy products. Currently, Canadian domestic processors use New York ultrafiltered milk exports to make a wide range of products from mozzarella cheese to yogurt. The Ontario Class Six

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regulation would effectively disallow New York processors from exporting ultrafiltered milk based solely on an arbitrary definitional change.

Canadian domestic processors have increased demand for ultrafiltered milk, and New York's processors are helping to meet this demand. However, the Class Six regulation of ingredients raises a barrier to our dairy exports and makes the Canadian market unsustainable for New York farmers, as would similar policies that build upon this approach of impairing access or demand for New York's dairy products. Instead of undermining the prosperous and special relationship that our regional economies share, it is important for the U.S. and Canada to remain focused on removing barriers to trade to provide for smoother mutual trade across our shared border.

I ask that you stress the importance of our trade relations to the Canadian Milk Supply Management Committee and urge them to take into account both the benefits of existing trade between New York and Canada as well as Canada's WTO and NAFTA obligations. As the CMSMC considers how to handle Ontario's provincial policy and the recently proposed National Ingredients Strategy, I ask that you insist that the CMSMC not take action that would negatively impact New York exports of ultrafiltered milk to Canada. Ultrafiltered milk is safe and provides a needed yet limited complement to the use of domestic dairy products in Canada's dairy manufacturing sector. Should Canada move forward with this decision, New York will explore all options available to ensure fair access to this vital export market.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew M. Cuomo". The signature is stylized with a large initial "A" and a long horizontal stroke.

ANDREW M. CUOMO