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iatp reacts to usmca dispute panel ruling on canada's dairy supply management program

MINNEAPOLIS—A United States-Mexico-Canada Agreement (USMCA) dispute panel ruled on Friday that Canada is not violating its trade obligations by limiting reduced-tariff dairy imports from the U.S. to maintain its domestic supply management system. A previous dispute over the same issue was decided in favor of the U.S. in 2022. The Institute for Agriculture and Trade Policy covered the [initial challenge](#), arguing for Canada's right to control its dairy supply, both to protect farmer incomes and to limit the [climate impacts](#) of dairy sector expansion and overproduction. In light of the decision, IATP issued the following statement:

While the Canadian government is delighted with the new ruling, the U.S. has vowed to renew the challenge. Veterans of U.S.-Canada disputes over softwood lumber, Canada's Wheat Board, and indeed, dairy import quotas, will not be surprised. The U.S. is prone to threatening action on behalf of politically powerful industries, agribusiness in particular, even if previous disputes have been decided against them. The current genetically modified ([GM](#)) [corn case](#) brought by the USTR against the Mexican government is another case in point.

Although the USTR under the Biden administration has taken much-needed steps to better protect workers' rights in trade agreements, its stance on agricultural trade continues to prioritize industry interests over agricultural workers and small farmers. In the U.S., where Farm Bill policy has enabled dairy industry consolidation and overproduction, independent farmers are facing low prices from processors and are increasingly being priced out of the market. The industry claims increased sales to Canada would make the difference. Experience suggests that it would rather ensure healthier profit margins for large dairy companies, which hold all the cards when it comes to pricing.

As with the ongoing trade dispute over Mexico's GM corn policies, the U.S. would be better served by emulating policies focused on fair prices for farmers and food sovereignty, rather than undermining them.

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Based in Minneapolis with offices in Washington, D.C., and Berlin, Germany, the Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. To learn more, visit: www.iatp.org.