

The Importance of Agricultural Trade



Washington Public Ports
Association Spring Meeting
May 9, 2018



Darigold

470+ member owners

26 MM of milk/lbs per day



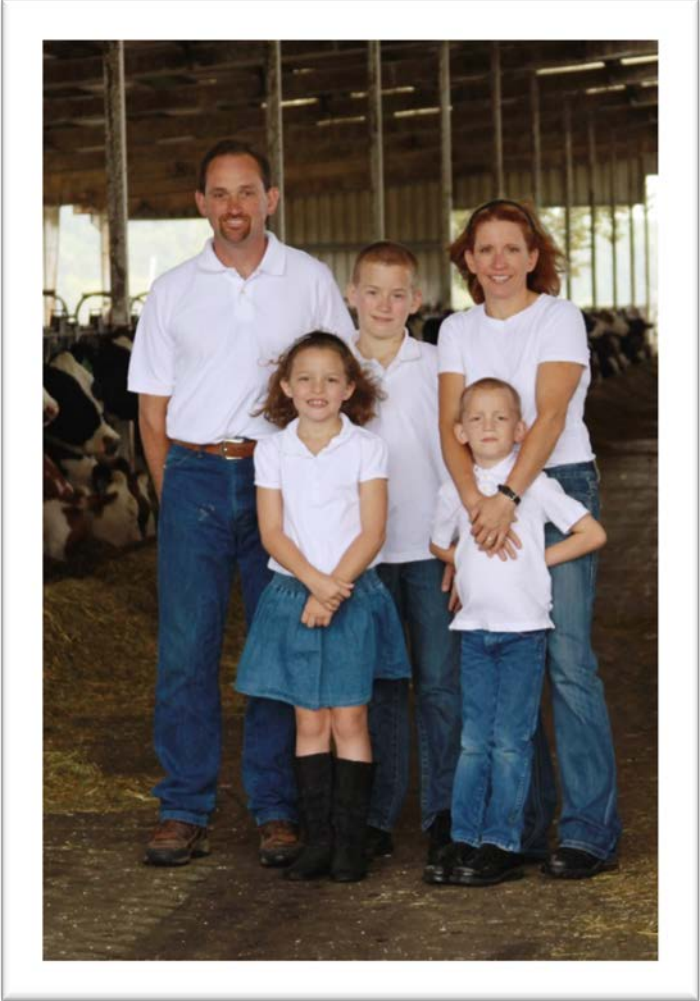


1918 **YEARS** 2018

FARMER OWNED



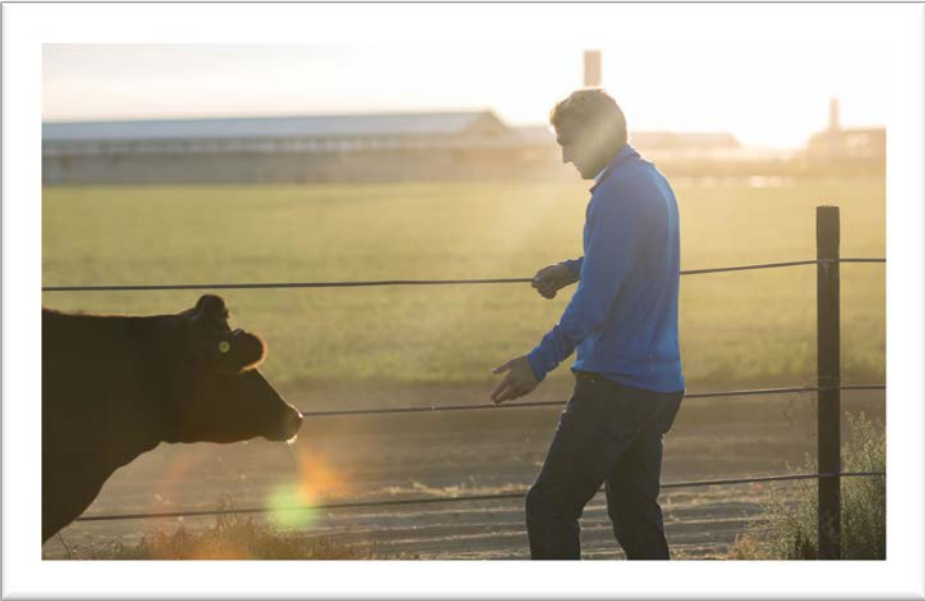
PNW Cooperative of Choice



6th
Largest dairy
co-op in U.S.

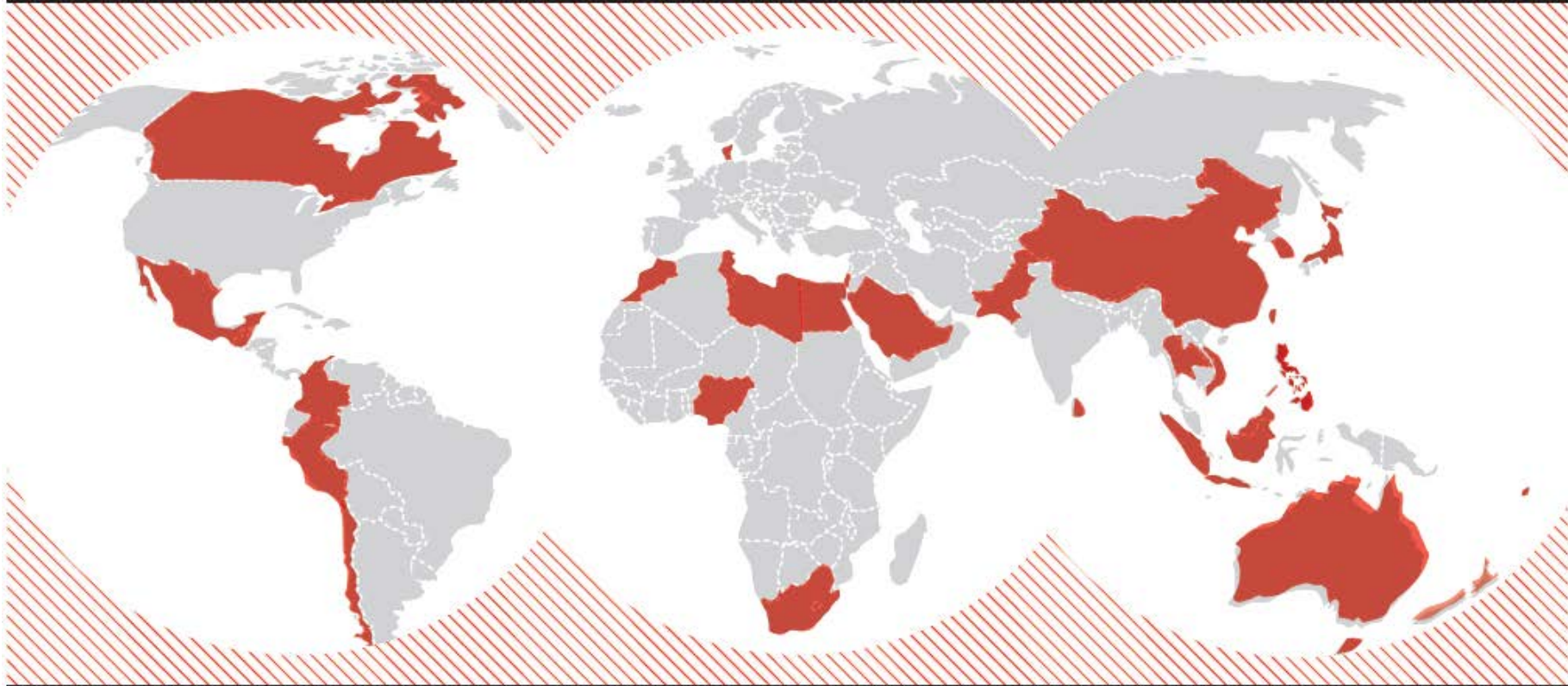
9.2
Billion pounds
of milk

3rd
largest privately
owned company
in WA
As of 2017



2.13
Billion dollars in
annual sales
FY 2017

Darigold Global Presence



2017
Exports

25%
USA AMERICAN
CHEESE

19%
USA DRY MILK
PROTEINS

11%
USA DRY
WHEY

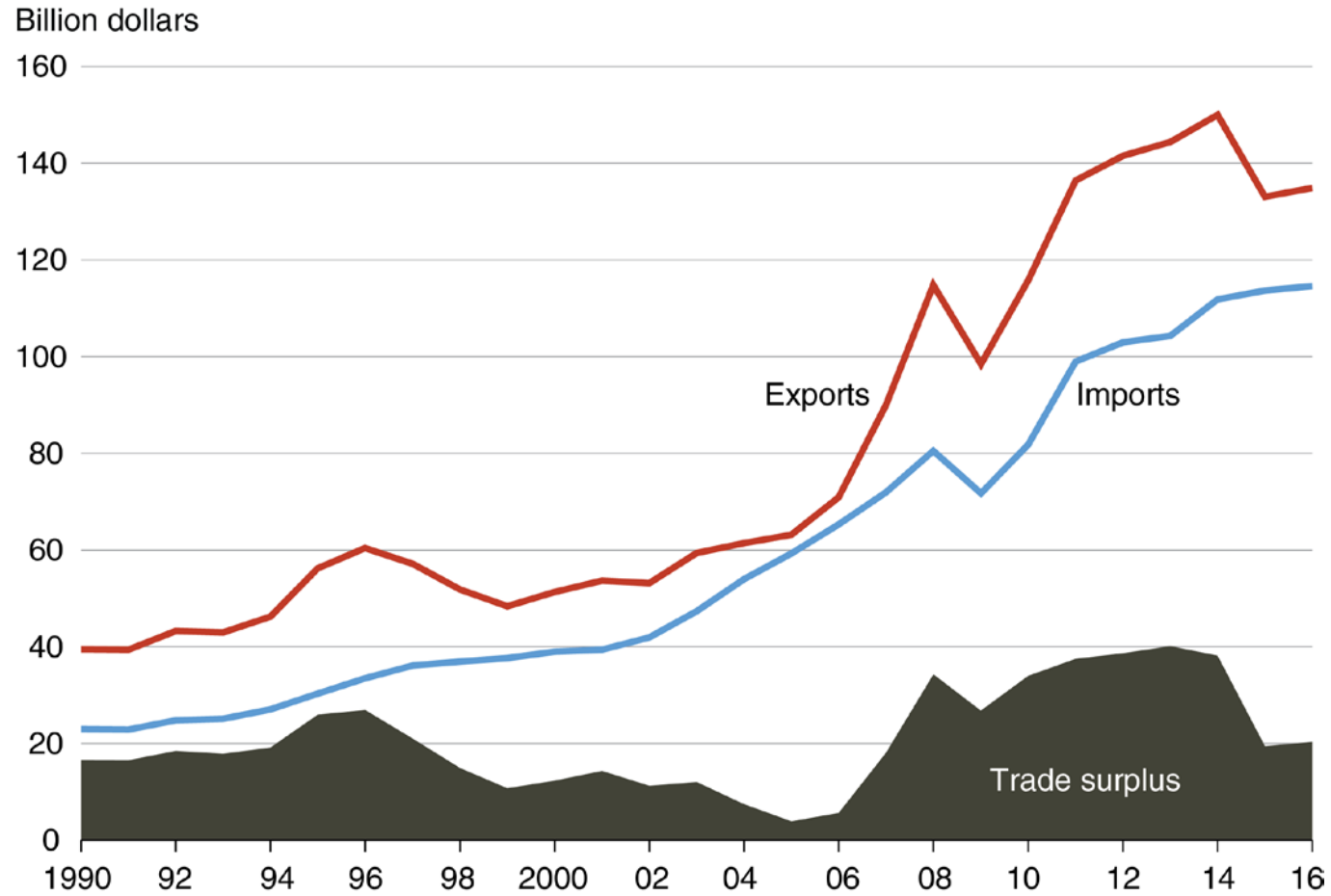
4%
USA
BUTTER



Why Ag Trade is Important



US Ag Trade Surplus



Source: USDA-ERS. "US Agricultural Trade in 2016: Major Commodities and Trends. Amber Waves. May 1, 2017.



Comparative Advantage in Ag

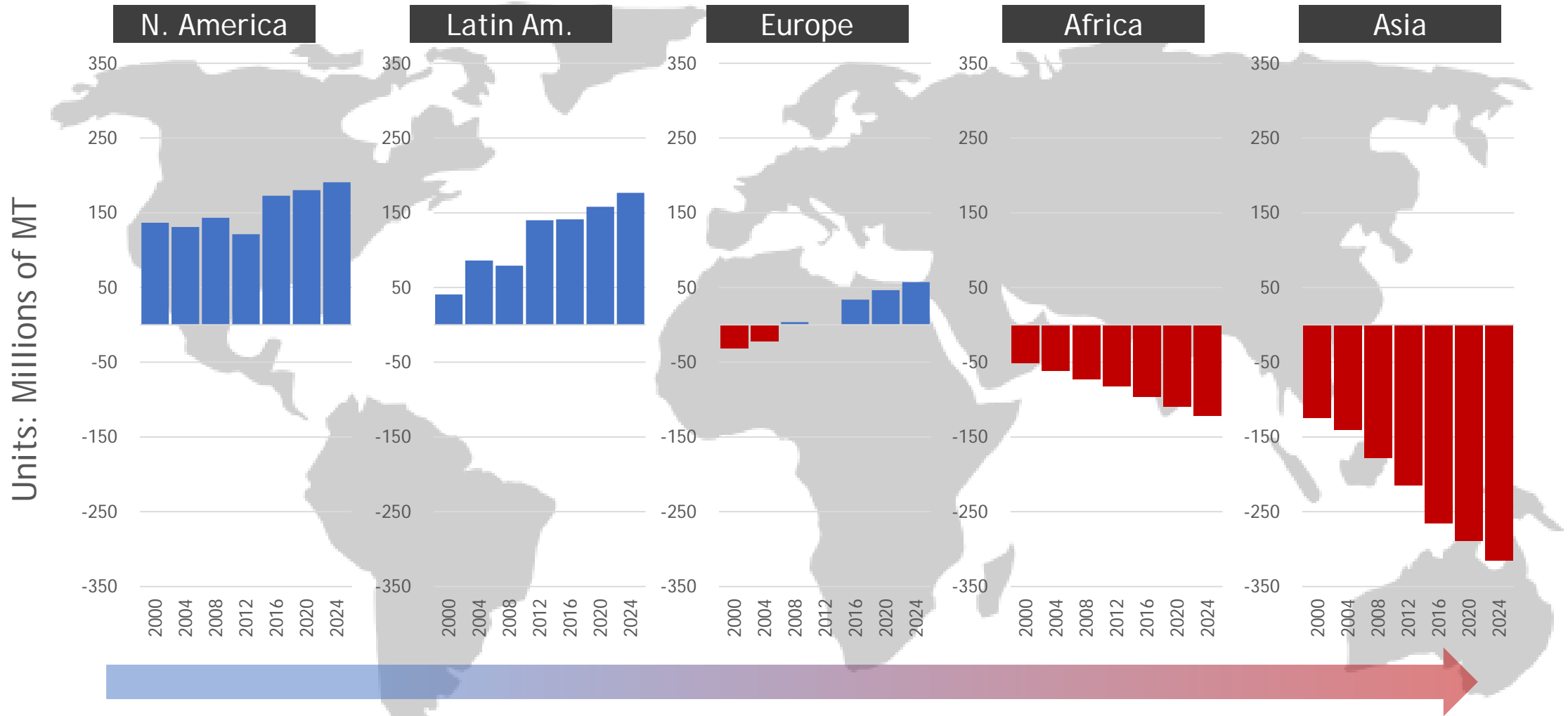
RIGHT CROP
RIGHT LAND



TRADE FOR
THE REST



Ag Trade Flows West to East



Source: FAO OECD Agricultural Outlook 2015-2024. Net exports of cereals, oilseeds, sugar crops, meats, fish and dairy products evaluated at 2004-06 constant international reference prices.



Global Food Security



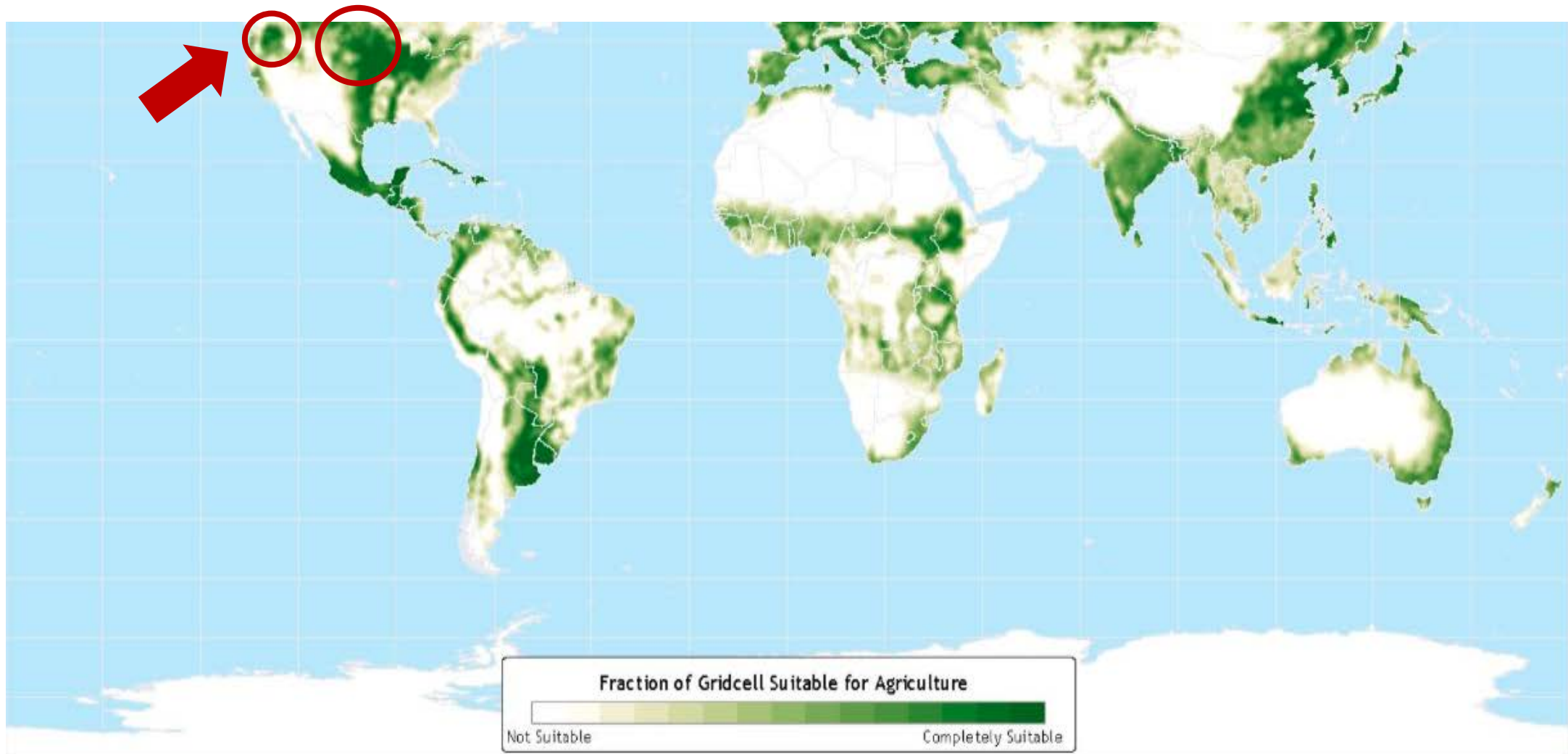
UNITED NATIONS



PNW Ag Trade



Agricultural Suitability



Source: Center for Sustainability and the Global Environment, University of Wisconsin, Madison

PNW 2017 Export Major Row Crops



Corn

Soybean

Wheat

Puget Sound

4 MMT

5 MMT

0.1 MMT

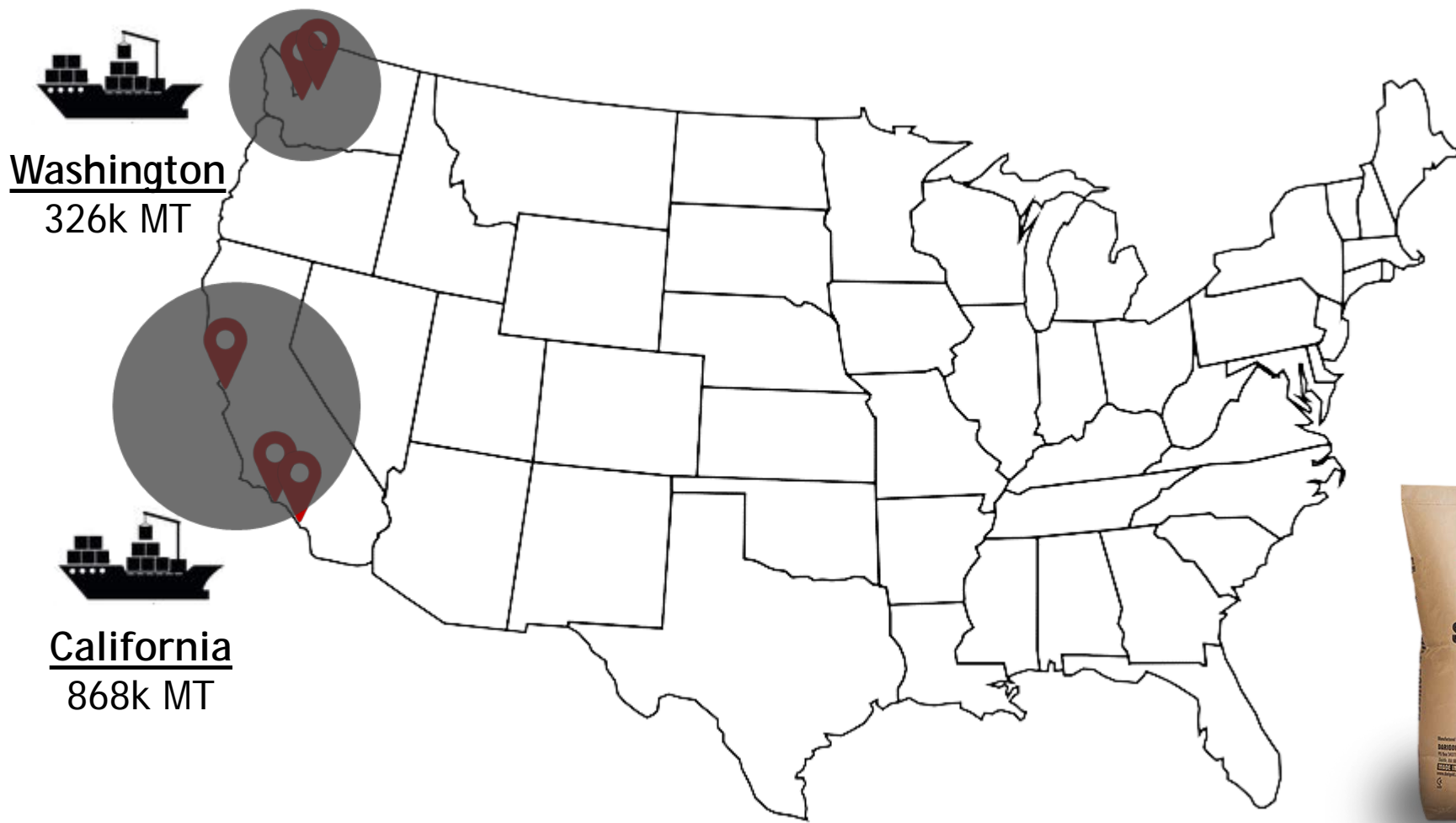
Columbia River

7 MMT

8 MMT

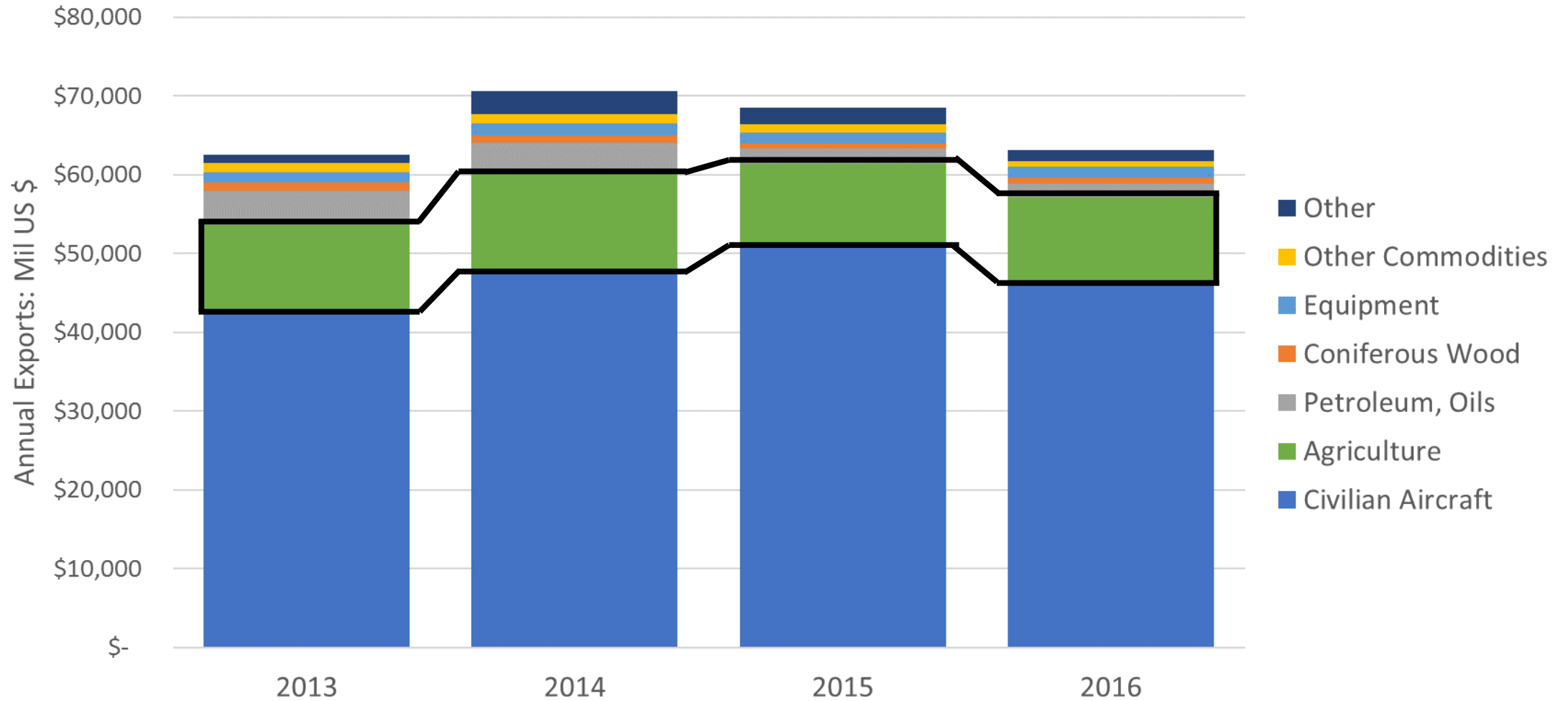
14 MMT

PNW Dairy Exports 2017



Source: Foreign Ag Service, USDA. BICO HS10.

Exports Important to WA



Source: US Census. Annual exports based on top 25 6-digit HS commodities in 2016 \$.

G3 Terminal in Vancouver, B.C.



8 MMT capacity

Port of Long Beach, CA



Port of
LONG BEACH

The Green Port

\$4 billion 10 year
investment

Ag Trade Negotiations



Trade Deal Situation

Global activity very high

US Ag competitors moving aggressively

Massively compounding effects

Crucial time for USA policy

EU - Mexico FTA: Dairy

Preferential access - cheese

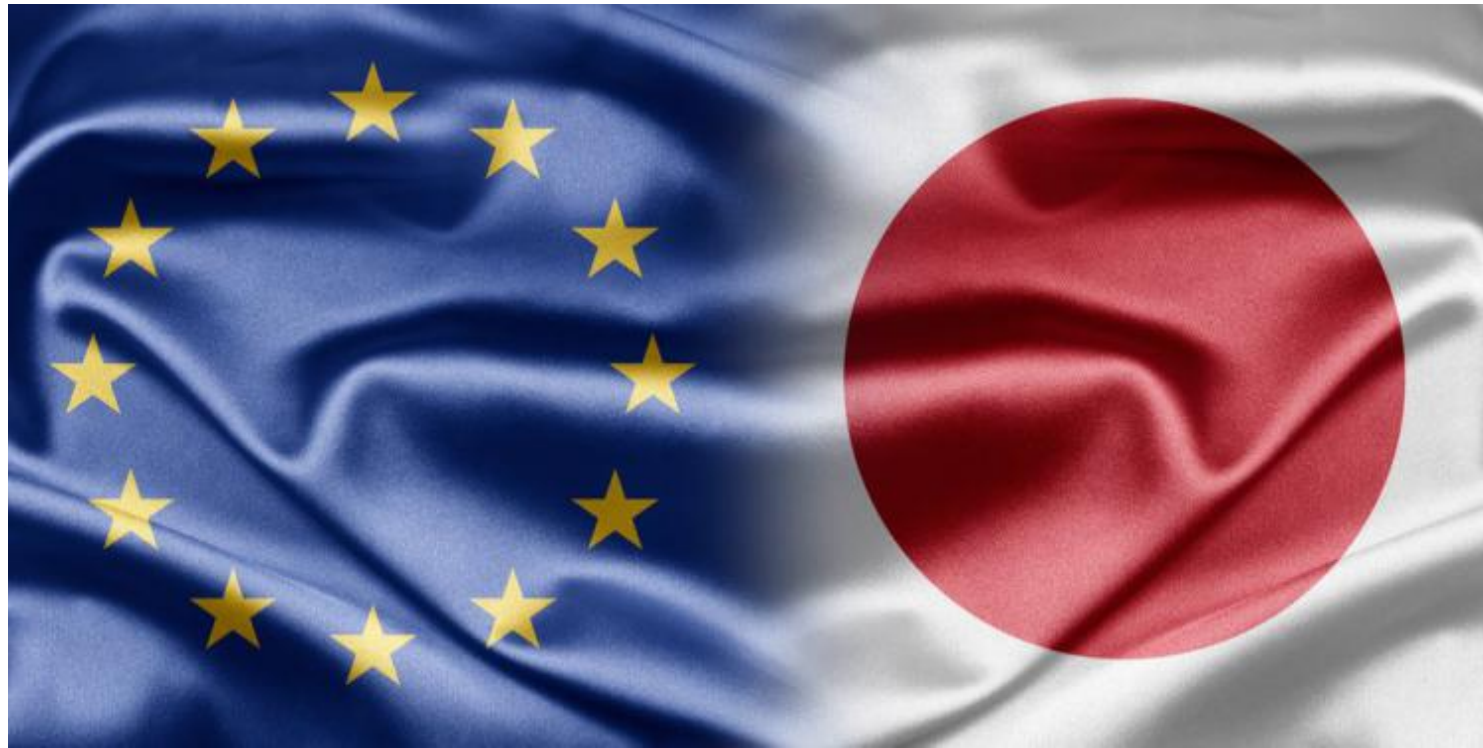
New market access - milk powders

Geographic Indications



EU - Japan FTA: Dairy

Replaces US position in TPP



NZ - China FTA: “Modernization”

MFN (USA) Duty 10%

NZ Duty ZERO on first 155k MT



US and China Ag Trade: Escalation?



NAFTA and Dairy



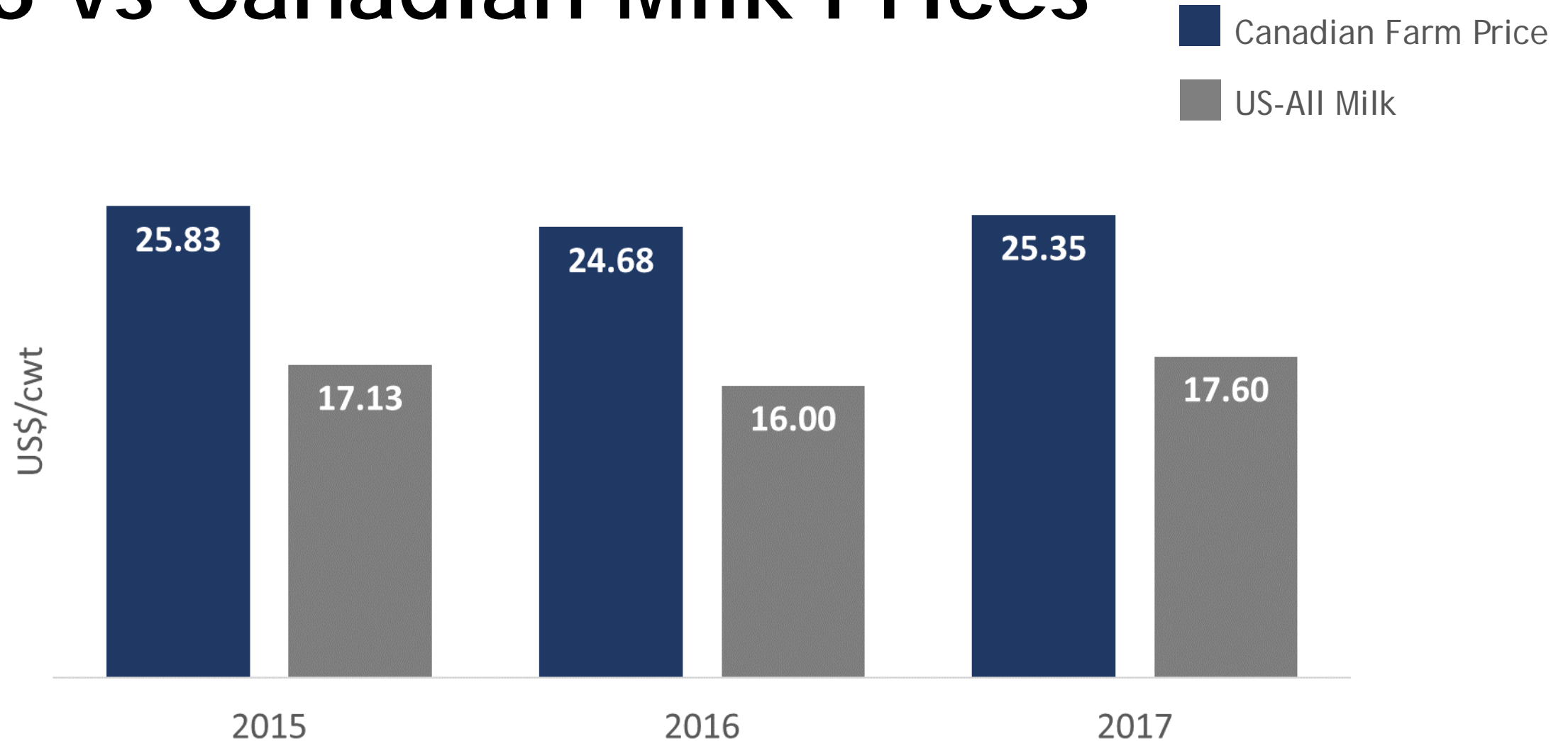
NAFTA

NORTH AMERICAN FREE
TRADE AGREEMENT

Canada's New Class 7 Pricing



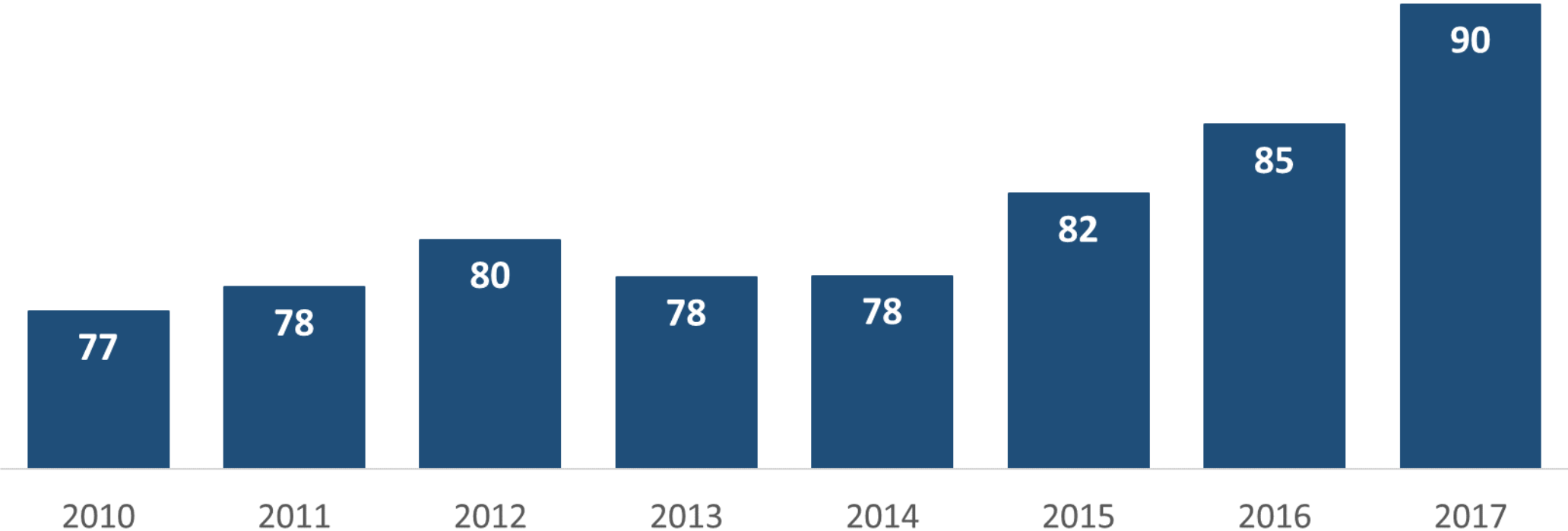
US vs Canadian Milk Prices



Notes: Canadian farm prices are quoted in Canadian dollars per hectoliter; 1 hectoliter = 2.26761 cwt's
Sources: USDA, Statistics Canada. The 2017 Canadian milk price is an estimate.

Canadian Milk Production

Millions of Hectoliters

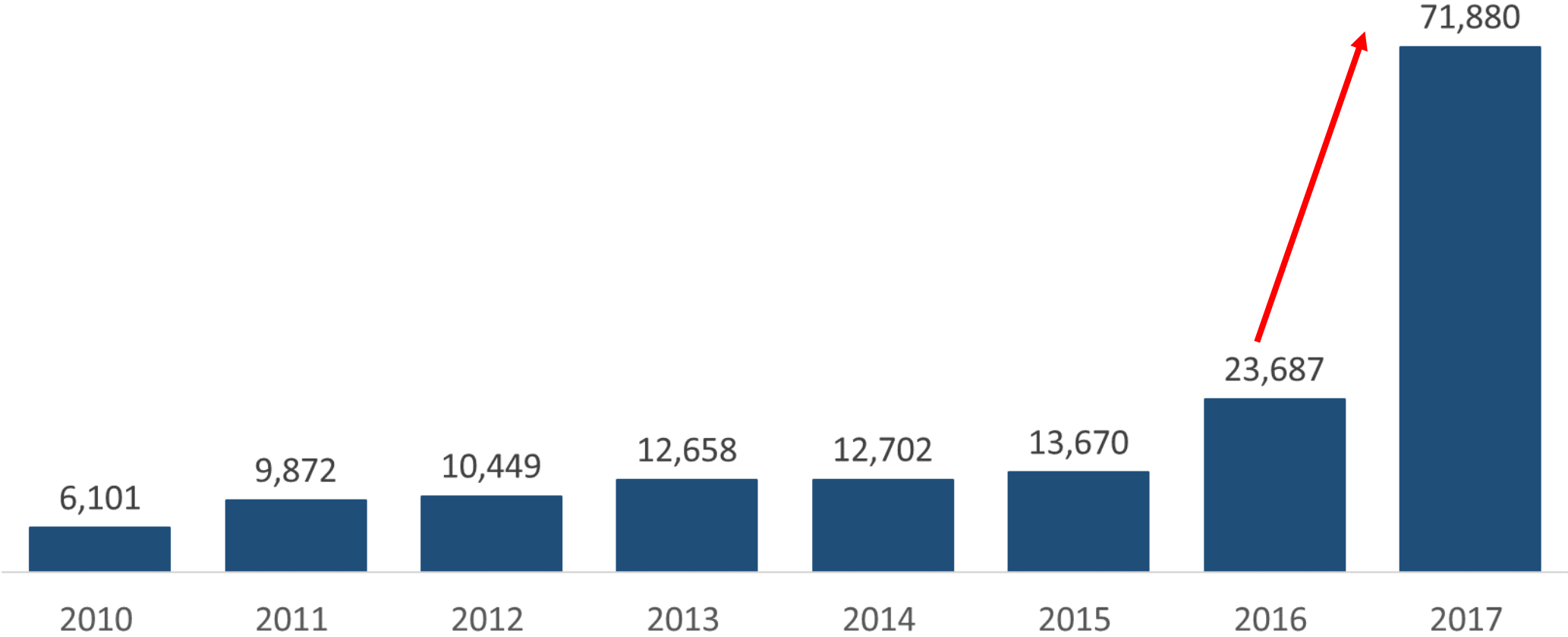


Source: Canadian Dairy Information Centre.



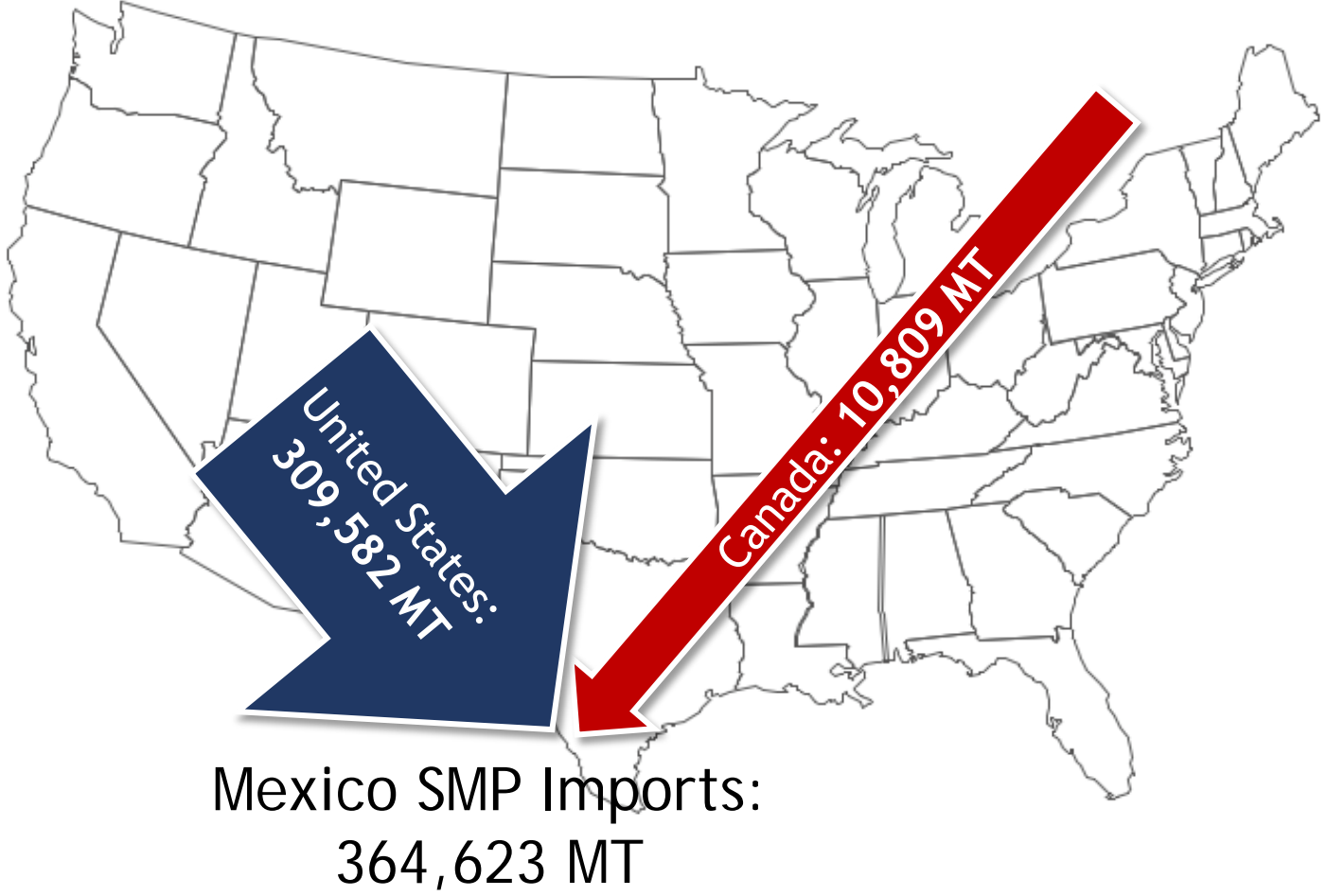
Canada Cross-Subsidized Exports

Canadian SMP Exports in MT



Source: Global Trade Atlas. HTS 040210.

Canada Shipments to Mexico 2017



Source: IHS, Piers. *Feb 2017 - Feb 2018.

Class 7 Enabled Investments

*in millions of CN\$



Feihe: Kingston, Ontario



CN\$225
million

Vitalus and Gay Lea: Winnipeg, Manitoba



CN\$100
million

Vitalus Nutrition: Vancouver, B.C.



CN\$13.5
million

Parmalat: Winchester, Ontario



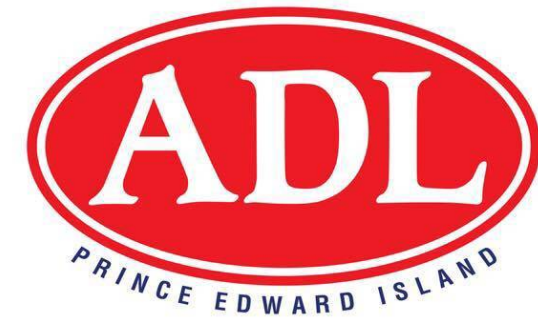
CN\$15
million

Gay Lea: Teeswater, Ontario



CN\$140
million

Amalgamated Dairies: Prince Edward Island



CN\$5.4
million

Your Voice Matters



Trade

Infrastructure



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