



Brad Vold
Owner, Dorrich Dairy
21434 County Road 21
Glenwood, MN 56334
Phone: (320) 634-5949

**Field Hearing on Trade in America:
Agriculture and Critical Supply Chains
House Committee on Ways and Means**

Kimball, MN – Monday, July 10, 2023

Good afternoon. I would like to thank the distinguished members of the committee for providing me the opportunity to share my testimony with all of you today. It is an honor to explain the reality of the American dairy farm, including the ripple effect of dairy export market access, and the impacts being felt by my family – and family farms across the country – as a result of economic pressures levied by trade partners such as the Canadian government and the European Union.

My name is Brad Vold, and I own and operate Dorrich Dairy in Glenwood, Minnesota, about an hour west of here, alongside my wife, Suzanne, and my brother, Greg. Our farm was homesteaded in 1899, and we are currently a fourth-generation family dairy operation. Dorrich Dairy is a 500-cow dairy that converted to robotic milking in October of 2019. Our operation includes about 600 acres of crop land that supplies feed for the dairy. All our young stock is custom raised off-site, and we employ one fulltime and two part-time employees. We have been a Land O'Lakes dairy cooperative member-owner since 1992.

In 2022, the U.S. dairy industry exported over \$9.6 billion in dairy products to foreign markets, equivalent to 18% of total U.S. milk production. These export sales play a key role in supporting the health of dairy farms, like mine, in Minnesota and throughout the United States. Exports also support rural communities, hundreds of thousands of workers in companies supplying inputs and services, those in downstream processing cooperatives like Land O'Lakes, and in cities with large port facilities heavily dependent on trade.

Since the implementation of NAFTA in 1994, Free Trade Agreements have enabled the U.S. dairy industry to compete on a more level playing field with international competitors in terms of tariff access, removal of nontariff barriers, and clear and consistent rules for trade. Unfortunately, U.S. dairy competitors in Europe, New Zealand, and Australia continue to benefit from up-to-date free trade agreements while the United States has failed to finalize new comprehensive trade deal in over a decade, putting American



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exporters at a distinct disadvantage in growing foreign markets. As an American dairy producer, I need the U.S. government to pursue comprehensive free trade agreements in key markets with growing demand for dairy imports, including Taiwan, Japan, Vietnam, and others in Southeast Asia and the Middle East.

But new agreements aren't enough, they need to work for farmers. Unfortunately, Free Trade Agreements such as the USMCA have missed the mark in terms of providing the security that dairy producers like my family need to stay in business. Canada has continued to fall short of their commitments to the United States, failing to uphold its USMCA dairy tariff-rate quota obligations by providing preferential treatment to their domestic producers.

To provide an example of how Canada has operated, in 2017, an abrupt change in Canada's Class 7 milk pricing structure blocked ultra-filtered exports from Grassland Dairy Products, Inc., a dairy processor in Greenwood, Wisconsin. They were given 48 hours' notice that Canadian markets would no longer be accepting their product. Grassland then proceeded to send letters to approximately 75 dairies notifying them they would lose their contracts in just 30 days.

Farmers had to scramble to find a buyer for their milk. For those who don't know the industry, that is hard to do. Transportation and storage costs for milk are very high. Milk isn't like corn or wheat. You can't easily store it until the price gets better. The farther your milk must go to find a processor, the more money you lose as a producer. When Canada closed Grassland's access for Class 7 milk, farmers in my region faced grim choices.

In this particular case, as a member of a cooperative, family operations like mine were safeguarded from many of these impacts. Land O'Lakes ensured that there was a home for our milk. However, as a result of Grassland losing access to Canada, many multi-generational family farms outside of the cooperative system have shuttered their doors, faced with the option to either sell out or risk the security of their operations.



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Similarly, many dairy producers are feeling the effects of the European Union’s misuse of geographical indications to monopolize generic food and beverage terms in multiple countries around the world, which threatens the ability of U.S. dairy producers to sell products that rely on commonly used terms like “parmesan” and “havarti” in key export markets.

I’d like to take a moment to thank Congresswoman Fischbach, my own representative, for co-sponsoring the Safeguarding American Value-added Exports (SAVE) Act (H.R. 3423), an effort to combat the EU’s economic coercion. This effort would direct the USDA to work with the U.S. Trade Representative to establish protections for specific common food and beverage names, utilizing negotiations that would result in memoranda of understanding and exchanges of letters with clear assurances protecting these export opportunities.

Dairy producers can only survive and thrive when we have open markets, and a home for our milk. The United States is the second largest producer of milk in the world. If we can’t move product, it affects the bottom line of American dairy producers and the economic benefit our sector provides in communities across the country. We must focus on stimulating trade and maintaining and expanding our export markets.

Thank you all for your consideration of my testimony and your service to our nation. I appreciate the work of this committee to recognize the important role that co-ops play in rural America. The work of my family and so many others hinges on individuals like you all continuing to advocate and deliver solutions to the agricultural producers who make this country great.

Respectfully,

Brad Vold