



Dairy Farmers  
of Canada

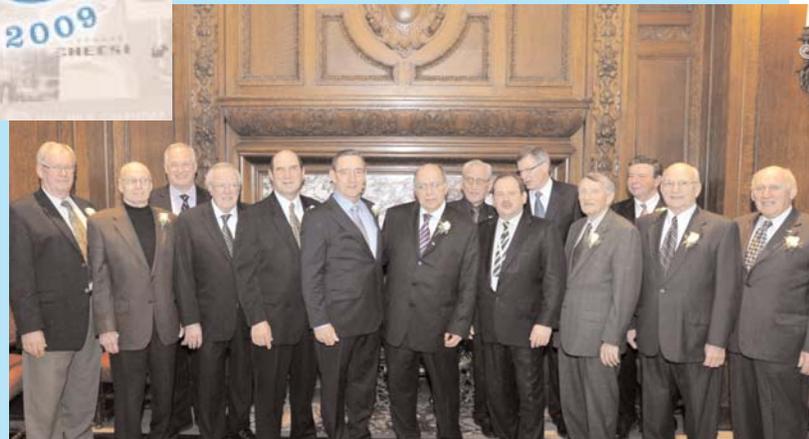
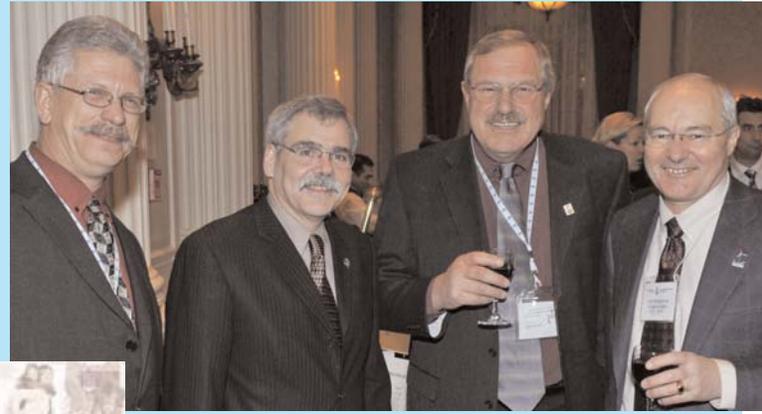


Spring 2009

## DFC celebrates its 75th anniversary at the 2009 Annual Dairy Policy Conference

This year, Dairy Farmers of Canada celebrates its 75th anniversary. This is a significant milestone in our organization's history considering the rapid changes witnessed in the dairy industry over the last century. Dairy farming techniques have evolved and the variety of products sold at retail has increased exponentially.

On February 3rd, DFC held a special reception, as part of its Annual Dairy Policy Conference, at the Fairmont Château Laurier to celebrate its 75th. Parliament among other industry representatives and friends attended the event. The crowd was served chocolate fudge cheddar and other Canadian cheeses. Using this opportunity of having producers from across Canada in town, DFC also hosted a banquet to which producers, guest speakers and parliamentarians are invited. This year's banquet honored not only DFC's past presidents but also past and current agriculture ministers, that DFC has worked with, all in a special video presentation and an evening full of entertainment!



## President's Address

In 2008, we have witnessed just how volatile international markets can be: escalating global energy and food prices earlier in the year were followed by a financial and commodity market collapse in the fall. For dairy farmers across Canada, the annual dairy policy conference is an opportunity for them to meet and discuss key issues for the industry and set priorities for the year ahead.

In light of recent reports on Canada's trade deficit, the first one in 30 years, and now that the world is experiencing both economic and food crises, is it time to reassess the objectives and re-focus our messaging on global trade. Many are still questioning the value of regulated systems, including supply management in Canada. Yet, in these uncertain times, supply management is proving to be a solution! Supply management is a model that provides economic stability and access to a safe and nutritious food supply, without requiring subsidies from the government. When talking about the state of the WTO trade negotiations, DFC's President reminded delegates that both the Canadian government and dairy producers have to be very focused in achieving no negative economic impact for Canada's supply management system. DFC values the continued commitment from all parties to ensure the maintenance of a strong and sustainable dairy industry operating under supply management in Canada.



During this year's address, Jacques Laforge, President of Dairy Farmers of Canada, presented key elements to ensure a successful future for the Canadian dairy industry. He stressed his vision for a highly innovative and forward-looking industry evolving in a cohesive approach from producers to retailers. While he stated that the essential basis for a good strategy is to have a strong and healthy milk supply management system founded on the three pillars, he also said that to achieve this vision, dairy producers are seeking collaboration from the federal government to empower dairy producers with tools and policy results that will help facilitate and foster an environment of stability and predictability. Mr. Laforge called on producers and processors to work together towards a common vision for the industry and suggested that a good industry strategy must include: a table where producers, processors and government can work together to protect fair producer revenues over time, to protect profitability of all sectors, and to grow the market.

## WTO Negotiations

WORLD TRADE  
ORGANIZATION



Steve Verheul, Canada's Chief Negotiator on Agriculture, told dairy producers that compared to last year, the economic crisis has caused a change in dynamics at the WTO and global trade. We are seeing more conflicting pressures from countries that want to reach an agreement, but on the other hand, these same countries are trying to avoid any new negative impacts that could result from a WTO deal. For now, there is not enough improvement to call another ministerial meeting. There are still uncertainties about the next actions of several countries such as India, China, and the United States. The WTO has to be a priority for the US in order for the WTO to move ahead, he observed.

On that note, he echoed the Minister and the DFC President in suggesting we take this time to reflect on our strategy in order to reach our objectives. It is the right time to think about which moves to take domestically and strengthen our position and adapt to the changing economy. He stressed that we have seen significant progress in the last year and the July 2008 Ministerial has pushed a lot of issues ahead. ***"Most technical issues are now resolved," with "political will"*** needed for an agreement, he noted. But with 4 revised draft modalities paper released in 2008, with each one of those more complete than the previous version, most countries are assuming the negotiations will be resumed on the basis of the last draft modalities paper.

These proposals do not address Canada's concerns to maintain our supply management system, and is still in opposition to the Canadian position seeking no reduction in over-quota tariff and no increase in access for supply management. For example, the draft modalities are proposing that the tariffs that prevent the dumping of foreign dairy, poultry and eggs into Canada be decreased by at least 23%. Even at current levels, some of these imports have come in over the tariff wall, and the tariffs barely manage to prevent imports. Furthermore, the proposed modalities would force Canada to grant foreign products an additional tariff-free access of up to 6% of our domestic consumption. On a "positive" note, the Chair of the Agriculture negotiation, Crawford Falconer, has opened the door to allowing Canada more sensitive products (up to 6% of total tariff lines to be designated as sensitive as opposed to 4%) but it is conditional upon a steep payment (in the form of further additional access) which is in opposition with the position of the Canadian government.

Mr. Verheul heard from dairy producers that the current WTO proposals are still unacceptable to Canada as they would devastate the livelihoods of Canada's dairy, poultry and egg farmers. In addressing dairy producers at the conference, Steve Verheul reminded them that Canada's position has been made clear to people in Geneva.

Coming out of the conference, dairy producers continue to value all parties' commitment to our industries, but are firm in believing that, now more than ever, all parties need to continue supporting a positive final outcome for supply management.

## Agriculture Minister Reiterates Government Support

Dairy farmers welcomed Minister Ritz's reiterating of the Government's support for Canadian dairy farmers and the supply managed sectors. The Minister reminded delegates of the Government of Canada's strong and secure support for supply management "from the Prime Minister on down", both domestically and internationally, stating that this Government does not just talk but shows support through real actions, listing as examples the harmonization of cheese standards, the implementation of the Special Agricultural Safeguards for supply-managed goods and the initiated negotiations with its trading partners for the application of import tariffs on milk protein concentrate, as per Canada's rights under Article XXVIII of the GATT.



Minister Ritz also used the early February meeting to talk about the current state of the Canadian economy, reassuring the crowd that the Government is on top of the economic situation with proactive measures to strengthen communities and industries, including a \$500 million for an agricultural flexibility program and key investments for Canadian farm families to ensure we are able to keep Canadian farms and the economy running strong. In this time of global economic crisis and food crisis, it is more important than ever that Canada maintains systems that provide stability and feed our people. In these uncertain times, supply management is proving to be a solution by providing economic stability and access to a safe and nutritious food supply. Recognizing this, the government must continue to strongly support supply management, and all parliamentarians must continue to work together to ensure that all countries have the right to define their own food and agricultural policies in order to nurture and sustain their own food systems. This includes defending Canada's right and ability to maintain the effectiveness of the supply management system.

### A National Yogurt Standard

The next step in the dairy industry process initiated by Minister Strahl in 2006, towards achieving growth and innovation in a profitable and vibrant dairy industry, is to initiate a process to create a national standard for yogurt. *"Rest assured we are considering it, we will look at it, we will move forward on it at the right time and place serving your best interests,"* answered Minister Ritz when asked about the possibility of a national standard on yogurt. Dairy farmers call on MPs to act and support our request to the Government for initiating a process to develop a national standard for yogurt.

## Sustainability in the Dairy Sector

During its Policy Conference, DFC welcomed **Dr. Joop Kleibeuker**, the Secretary General of the European Dairy Association (EDA), to speak to dairy producers about the EDA's research into environmental issues. A EDA working group is developing a holistic approach to improve environmental footprint of dairy products. Both dairy producers and consumers need clear and objective information to raise awareness of this issue. During his visit to Ottawa, Dr. Kleibeuker talked about EDA's approach to sustainability in the dairy sector, and the findings of the working group's report *"A sustainable dairy sector: Global, regional and life cycle facts and figures on greenhouse-gas emissions"*, published last October. The estimates of the carbon footprint are:



- Dairy livestock emissions contribute 1.2% to the total global greenhouse gas emissions.
- Cradle-to-farm gate emissions of milk contribute 3% to total global climate emissions. So while dairy livestock emissions contribute 1.2% to the global climate emissions, pre-farm associated with feed and other on-farm emissions contribute 1.8%.
- Post-farm emissions add 10% to 20% to life cycle, including the processing and consumption stages.

Sustainable agriculture is a way of producing food that is healthy for consumers and animals, has minimal impact on the environment, is humane for workers, respects animals, provides a fair wage to the farmer, and supports and enhances rural communities. Every day, more and more consumers are shopping smarter, eating healthier, are becoming more and more conscious of the environment and enjoying local and exotic products. In that sense, DFC members have set sustainability as a new priority for 2009. With the help of key industry players as well as the government, we aim to build value and meet a growing consumer demand for environmentally friendly products, sustain domestic agricultural production in order to achieve sustainable development and growth within Canada's dairy industry.



## Canadian Cheese Grand Prix

It goes without saying that the Canadian Cheese Grand Prix, organized since 1998, contributes to the development of the Canadian cheese market and offers continuous support to the dairy industry.

The Grand Prix competition, which is sponsored and hosted by Dairy Farmers of Canada, celebrates the high quality and proud tradition of Canadian cheese making. This competition promotes achievements and innovation in cheese making and encourages cheese makers to strive for excellence in their art. The Grand Prix is appreciated by consumers as well as the food industry and hotel and restaurant professionals.

The Canadian cheese industry has more than 150 cheesemakers, big and small, who produce more than 350 different cheeses. The Canadian Cheese Grand Prix is open to Canadian cheese makers of cheeses produced in Canada exclusively from 100 per cent Canadian cow's milk, milk-derived ingredients from 100% Canadian cow's milk or both. No imported dairy ingredients are permitted.

While the Canadian Cheese Grand Prix was delayed a year to allow for the cheese regulations to become effective in December 2008, cheesemakers' interest for the Grand Prix is as strong as ever: 173 Canadian cheeses are entered in the 2009 competition..

- The 2009 Cheese Finalists will be announced on our website on March 09, 2009.
- Champions will receive their award on April 23, 2009 during the Gala of Champions in Montreal.

## Dairy Farmers of Canada is launching a new brand



Dairy Farmers of Canada has worked with dairy processors, distributors, retailers and food service companies across Canada to launch an exciting new brand for Canadian dairy products. The new 100% Canadian Milk brand aiming to emphasize the Canadian origin of dairy products is being launched this March.

Canadian dairy products are different from foreign dairy products. They are made by fellow Canadians who live on nearby farms, they contribute to the Canadian economy, and they are produced in keeping with deeply held Canadian values such as respect for the environment, food quality, and animal care. Both the origin and the quality of dairy products are major factors in the minds of Canadian consumers when making purchase decisions. The new 100% Canadian Milk branding clearly indicates the dairy products

they are buying are produced in a manner that truly reflects Canadian values. To date, more than 30 processors have adopted the brand for more than 2,000 products, and the numbers are growing every day.

***“Over the last ten years, our ‘quality milk’ brand did a great job of building an understanding among consumers that Canadian dairy products are synonymous with quality,”*** said Ian MacDonald, National Director of Marketing and Nutrition with Dairy Farmers of Canada. ***“The explicit clarity of the new 100% Canadian Milk brand responds to growing consumer demand to clearly identify the origin of all food products on the package.”***



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