



Dairy Farmers
of Canada



Summer 2009

Woes around the dairy world

For several months now, we have witnessed just how volatile international markets can be: escalating global energy and food prices in early 2008 were followed by a financial and commodity market collapse in the fall. Government talks of bailout packages for a number of affected industries around the world demonstrate just how closely global markets are linked. Global, often deregulated, markets end up costing taxpayers of the world billions, if not trillions of dollars.

Dairy farmers in many countries feel the pinch on plunging prices and are requesting their government to intervene to alleviate the situation. In many European countries for example, where we've seen constant deregulation of the market, dairy farmers are protesting over the collapse of milk prices, urgently pointing out to their government the need to rebalance supply and demand. Producers are calling for a national milk price to be fixed by negotiation between producers and processors.

In a similar way, dairy farmers in the United States have been cutting costs, selling off their cows, or leaving the dairy business altogether as milk prices have significantly fallen in the past few months due to several factors including a supply-demand imbalance.

But while many are still questioning the value of regulated systems, the current situation in Europe and in the United States provide an important lesson about the value of supply management for us, but also the value it could bring to farmers in other countries as well!

DFC continues to promote supply management around the world. Several times we have been invited to speak to various farmer forums in other countries to explain how supply management benefits farmers. Supply management is viewed world-wide as a tool that empowers farmers and as a possible solution to limit farmer's losses. And as President of DFC, and as a dairy farmer myself, I am thankful for Canada's supply management system. It guarantees a certain stability for producers, processors and consumers, without the need for government support, while growing the Canadian market. Supply management did not shelter us from increased cash costs, but I remain thankful that my income did not follow the drastic fall of world dairy prices in late 2008.

On behalf of Canadian dairy farmers, I must acknowledge the work done by the Government and the support of all political parties for our industry, and we will continue to seek your committed support to help achieve a strong and profitable dairy industry in Canada.

President



More
details on
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DFC sponsors Forum for Young Canadians

For over 30 years, Forum for Young Canadians has been bringing young people to Ottawa for a unique experience of learning the Canadian political process.

Looking for ways to celebrate DFC's 75th anniversary, the Board of Directors was drawn to the opportunity of supporting this important program for Canada's young people and future generations, in particular its encouragement of leadership skills and interest in the Canadian public service. To that end, DFC was pleased to have the chance to invite Ian Richardson, President of Canadian Young Farmers Forum (CYFF) to speak at one of the dinners with Members of Parliament. As a young farm leader, Mr. Richardson encouraged the students to keep working on their leadership skills, and promoted agriculture as a great sector to have a future in. These were also great messages for MPs present at this dinner to hear.



CYFF President Ian Richardson (center), the Hon Peter MacKay, MPs Ted Menzies and James Bezan joined by students from Alberta & Manitoba



DFC President Jacques Laforge chats with students from Alberta

As first time attendees to the dinners, DFC representatives were impressed with the caliber of these future leaders and the recognition of the program by MPs. DFC would also like to extend a special thank you to Gay Lea and Parmalat for providing milk and chocolate milk for the weekly dinners.

DFC encourages you to promote the activities of the Forum in your riding and with local schools. Support is needed for the next generation of young Canadian leaders and for young farmers organizations as they fulfill an important role of identifying challenges and developing solutions that work.

For more information:

Canadian Young Farmers Forum at
www.cyff.ca

Forum for Young Canadians at
www.forum.ca



DFC Executive Member, Bruce Saunders (far right), and NDP MP Charlie Angus (third from left) are joined by students from Ontario

Canadian Cheese Grand Prix 2009

This year's 6th Canadian Cheese Grand Prix brought together Canadian cheese makers and other industry players and supporters to celebrate the high quality and proud tradition of Canadian cheese. The competition serves to promote achievements and innovation in cheese making and encourages cheese makers to strive for excellence in their art. This year's winners showcase the world-class cheeses being produced across Canada.

On April 23rd, Jean-Pierre Blackburn, Minister of State for Agriculture, joined Dairy Farmers of Canada in proudly awarding this year's Grand Champion title to Kénogami, a soft washed-rind cheese from Fromagerie Lehmann in Lac Saint-Jean, Quebec. It surpassed over 170 cheeses from 41 different cheese makers.

Cheese makers from across Canada won in the 16 categories. In the end, there were eight winners from Québec, three from Alberta, two from Ontario, two from Nova Scotia, and one from Prince Edward Island.



Source: Agriculture and Agri-Food Canada

To view the complete list of the winners please visit our website at www.dairygoodness.ca

The Great Canadian Moo

Pure, fresh and 100% Canadian. 100% Canadian milk is one of our country's most precious primary resources. It's not just a source of 16 essential nutrients; it's a source of pride. The new 100% Canadian Milk brand is a symbol of trust — a confirmation of the Canadian origin of our dairy products. This conveys to consumers that Canadian milk products are made from 100% Canadian milk.

To rally Canadian consumers to the 100% Canadian Milk campaign, Dairy Farmers of Canada has created The Great Canadian Moo: a web event designed to engage consumers and arouse national pride for not only Canadian milk but Canadian products! On June 3, 2009, to show our pride for 100% Canadian milk, we are going for a world record for the most "moos" in a 24-hour period.

So on June 3, DFC is seeking your Canadian spirit to help rally Canadians to moo! Click our "moo" button with pride, as many times as you wish. You can also "moo" using Facebook, Twitter and more! You can even add the "moo" link to your own website!

www.thegreatCanadianmoo.ca



One more reason to extol supply management's virtues

This is an editorial by Bill Dimmick, edition of the Milk Producer Magazine

Imagine your farm income shrinking to \$17,000 this year from \$115,000 in 2008. Well, if you're an average New Zealand dairy farmer shipping your milk to Fonterra, the near-monopoly co-operative, that's all you would have left in 2009 after paying expenses, mortgages and taxes, according to media reports in that country. They're far from alone.

Using the Internet, you can easily find media reports detailing what's been happening to family dairy farms worldwide. Since international prices began collapsing last fall, their returns have been taking a hammering.

In some countries, simmering anger over the collapse has burst into seething public protest. In Ireland, where the major co-operative recently cut prices, dairy farmers stormed into European Commission offices in Dublin. More than 2,000 gathered around co-op plants to protest the cuts. The price they get paid fails to cover their production costs, much less deliver a profit.

Similar stories have been reported elsewhere in Europe. Thousands of angry dairy farmers swarmed into Madrid, Spain to demand a collective increase of more than \$1 million a day for their milk just so they could break even. An estimated 8,000 producers protested low prices—again below production costs—in Prague, Czech Republic. German producers rallied around processing plants to press the same point.

While there have been no reports of mass rallies in the U.S., dairy farmers there are struggling through similar hard times. Their returns are half what they were a year ago, and well below production costs for most operations.

Amid this economic turbulence in the rest of the world, we still have think-tank academics in Canada calling for our government to dismantle supply management, the one marketing plan that rewards hard work from the marketplace, not through public subsidies.

I would direct you to page 16 in this month's Dairy Update section where we're featuring a guest column that addresses this continuing debate.

Written by Barry Wilson, the column pokes fun at some of these academic musings. If you farm west of the Ontario-Manitoba border, you're likely familiar with Barry's work in *The Western Producer*, a top-notch weekly newspaper that mainly covers farm issues in the four Western provinces. It has a following among Eastern farm readers, too.

I've known Barry for many years, and have long respected his integrity in reporting the news. He also has a knack for getting to the nub of an issue. As this column amply demonstrates, he can use humour with devastating effect to point out absurdity.

If the think-tank types had their way, we would drag Canadian dairy farmers down to the same desperate level as producers in New Zealand, Europe and the U.S. To me, it makes more sense to lift others up to the Canadian level.



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