



# DFC UPDATE

DFC President's Message: A Year in Review    Yogurt Standard  
Compare the Share

## President's Message

Dear Parliamentarians,

As you well know, international trade talks have slowly begun to resume in recent months. On behalf of Dairy Farmers of Canada (DFC), I would like to thank the Federal Government for their continued support of supply management for the Canadian dairy industry during the Canada-EU negotiations and WTO negotiations.

I continue to believe that Canada's strong position on sensitive products, including no over-quota tariff reductions and no TRQ expansion, is necessary for ensuring the successful future of the Canadian dairy industry.

### Doha

DFC has been actively monitoring the WTO negotiations this fall, as negotiators have come back to the table a few times. We've heard many times over the year, that WTO members wanted an agreement to be achieved in 2010. However, despite increased activity, this goal may be highly unlikely.

### Canada-EU

The first of five meetings on the negotiation of a Canada-EU Comprehensive Economic Trade Agreement (CETA) took place in Ottawa the week of October 19<sup>th</sup> 2009. More meetings will take place over the next two years to discuss various access policies related to agriculture, customs procedures, immigration and foreign investment.

The EU delegation saw the first week of negotiations as an opportunity to criticize the Canadian dairy supply management and ask for more access to the Canadian dairy market. In reality, Canada has a trade deficit with Europe when it comes to dairy products: While Canada exports \$40 million worth of dairy products (of which \$28 million is cheese), our country imports \$246 million in European dairy products (including \$167

million of cheese). Moreover, Canada already offers a better treatment (lower in-quota tariffs) to EU cheese imported into Canada than the treatment EU offers Canada for Canadian cheese.

The Canadian government has made clear several times that supply management would be the first thing off the table of negotiations during these Canada-EU discussions. The Honourable Stockwell Day made the following statement in various media “We continue to have a very clear position that dairy - and supply-managed areas are not up for negotiation. And that's our position.” DFC strongly supports this position which is consistent with the Canadian position in all previous bilateral and multilateral trade negotiations.

### AIT

In October, the provincial and territorial ministers met in Whitehorse and approved the current text of the Agreement on Internal Trade (AIT), specifically in Chapter 9, which deals with agriculture. The AIT is an intergovernmental agreement which aims to reduce and eliminate, as best it can, any barriers to the free movement of persons, goods, services, and investment within Canada, establishing an open, efficient and stable domestic market.

DFC was extremely concerned that the Chapter 9 text on supply management was essentially unchanged from the 2008 version. This text is ambiguous and not in the best interest of dairy farmers. DFC remains open and committed to meeting with the Government in order ensure that its concerns are met.

DFC hopes that, as this agreement remains to be ratified by the provinces and territories, as well as the Federal Government, all parties will take into consideration the commitments made to dairy farmers and supply management.

From everyone at Dairy Farmers of Canada, we wish you Happy Holidays.



**Jacques Laforge**  
President

## Compare the Share

The past year has been a particularly difficult one for the international dairy markets, where extreme price volatility had average dairy producers operating at a deficit with one exception: Canada. The success of the Canadian dairy industry is due to supply management, which ensures the consistent and secure supply of milk, as well as stable prices throughout the dairy supply chain and for consumers.

In Canada, dairy producers work hard to ensure Canadian consumers receive quality dairy products at reasonable prices.



In 2008, 2009 and 2010 Canadian dairy producers' share of a glass of milk costing \$2.00 in a restaurant is and will be 21 cents. Eleven cents goes to the processor and distributor and \$1.68 goes to the restaurant, where the milk is poured into a glass and carried to a table. The dairy farmers and processors' shares together are about the same as what consumers typically leave as tip. From a medium pizza that costs typically \$16.29 (plus the usual 15% tip), the farmer gets 65 cents or 4% of the menu price for the milk used to make the cheese on the pizza. This does not affect much the final prices of pizza in restaurants.

Time and time again, scenarios all over the world have shown that a decrease in milk prices at the farmgate, have not benefited consumers. The latest example is the October report of the European Court of Auditors that found that during the period of 2000-2007, prices paid to producers dropped by 6%, while consumer prices rose by 17%. This year, at least three inquiries have been prompted in pricing practices – in Europe, the United States and in Australia. Moreover, Europe and United States both announcements of billions of dollars in subsidies to their dairy farmers to compensate for unsustainable low prices.

DFC reminds Parliamentarians to put things into perspective: average Canadians spend only about 10% of their disposable income on food. Moreover, the share farmers receive is only a drop in the bucket!

# Yogurt Standard

Dairy Farmers of Canada continue to present the need for the development of a federal compositional standard for yogurt. In February of 2009, DFC received positive messages from the Federal Government on their willingness to examine the idea of developing such a standard, a standard which would ensure strength and profitability for dairy producers and processors, as well as better understanding and confidence for consumers.

DFC continues to believe that the necessity exists to amend current federal standards to include yogurt, thereby ensuring the integrity of yogurt as a dairy product, as well as meeting the Canadian consumer's demands for quality, consistency and predictability. In a national market for yogurt, these goals should be achieved through the development of a national standard in lieu of multiple, divergent provincial standards for yogurt.



DFC remains committed and open to participating in consultations the government would hold with interested parties on the issue.

## NEW WEBSITE COMING SOON!

DFC UPDATE has been updated to preview the style of the new DFC website. Keep checking [www.dairyfarmers.ca](http://www.dairyfarmers.ca) to see the new, revamped website coming soon!



**DFC UPDATE is a publication of Dairy Farmers of Canada**

**For more information contact:**

Rosemary MacLellan

Assistant Director, Government Relations

[rosemary.maclellan@dfc-plc.ca](mailto:rosemary.maclellan@dfc-plc.ca)

(613) 236-9997

