



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 8/22/2002

GAIN Report #CA2102

## Canada

### Dairy and Products

# Dairy Farmers Pressure Canadian Government to Defend Supply Management

## 2002

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#### **Report Highlights:**

The Board of Directors of Dairy Farmers of Canada (DFC) met with the Ministers of Agriculture and International Trade, the Executive of the Rural Caucus as well as several key Members of Parliament. Producers expressed their concern that two of the three pillars supporting Canada's dairy supply management are eroding: import controls and fair market returns. DFC alleges that imports containing dairy ingredients designed to circumvent tariff-rate quotas (TRQs) have increased significantly and have reduced the demand for Canadian milk production. This, in turn, says DFC, is threatening the integrity of Canada's supply management system. DFC is demanding that the federal government act on its commitment to support supply management.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ottawa [CA1], CA

## **DAIRY FARMERS CALL FOR ACTION BY FEDERAL GOVERNMENT TO DEFEND AND MAINTAIN INTEGRITY OF SUPPLY MANAGEMENT**

The following is based on an August 20 news release from Dairy Farmers of Canada.

The Board of Directors of Dairy Farmers of Canada met today with the Ministers of Agriculture and International Trade, the Executive of the Rural Caucus as well as several key Members of Parliament. Producers expressed their concern that two of the three pillars supporting Canada's dairy supply management are eroding: import controls and fair market returns.

"The federal government has the tools to address the issues which are seriously eroding supply management," said Leo Bertoia, President of Dairy Farmers of Canada. "The government has said many times that it supports supply management. We came here to ask elected officials to make good on their words and work with the industry to stop the erosion of the system."

Tariff-rate quotas (TRQ) limit the imports of traditional dairy products, allowing the industry to effectively balance supply of milk and demand for dairy products. However, Canadian milk is being displaced by other imports designed to circumvent Canada's border measures. These imports have increased significantly in recent years. Since 1995, imports of butteroil blends have increased 557%; casein and casein products have shot up by 178%, while whey and whey products imports have increased by 75%. The increase in uncontrolled imports is estimated to have cost producers over \$80 million in 2000-2001 alone. If nothing is done right now, the industry stands to lose about C\$250 million a year, as a result of imports displacing milk produced in Canada.

"Over 1000 producers from across Canada have traveled to Saguenay, Quebec to express concerns about the erosion of supply management," said Jean Grégoire, First Vice-President of DFC. "The government must stop the circumvention of border measures that depresses producers' incomes. It doesn't help that 74% of dairy producers deal with the reality of not covering their full cost of production. The Canadian Dairy Commission's commitment to adjust price so 50% of producers can cover their cost of production by 2006 remains important."

Dairy leaders also raised concerns about the weaknesses of dairy products composition and labeling regulations: "Terms like modified milk ingredients are too ambiguous! Let's give consumers clear information about what they are eating," said Mr. Bertoia. "The industry wants to promote dairy products made from 100% Canadian milk with the Quality Milk logo. But these efforts are undermined by weak regulations and lack of enforcement."

"Supply management means stability for the industry and lower prices for consumers," said Mr. Bertoia. "A strong supply-managed industry means the government doesn't need to make up for shortfalls in producer income that result from price instability. This government has always said it supports supply management. Actions speak louder than words! We look to these Ministers and the Rural Caucus to take action in the coming months."

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