



FOCUS Newsletter

October
2006

National Farm Products Council



Council News

Council met on July 25-26, 2006 in Ottawa approving the Canadian Chicken Marketing Quota Regulations for period A-74 effective from September 17, 2006 to November 11, 2006. Council also approved amendments to the Agency's levy order and licensing regulations which were required to implement changes to the Agency's Market Development Policy. Chicken Farmers of Canada intends to implement these changes at the beginning of period A-75 which begins November 12, 2006. The Council also continued to consider the proposed 2006-07 quota regulation for the CTMA. The Council has asked the Agency to revise the proposed regulation to include the initial conditional allocations under its Export policy.

A complaint received by the Saskatchewan Department of Agriculture and Food and the Saskatchewan Agri-Food Council, with respect to the proposed CTMA quota regulation for 2006-07 is being investigated by Council staff.

Council has also received a complaint from Sure Fresh Foods with respect to a decision by Chicken Farmers of Canada to assess levies on Sure Fresh Foods for undermarketing of quota allocations made pursuant to the CFC's Market Development Policy. Council staff is also investigating this complaint.

New Executive Director

We are very pleased to announce the appointment of Claude Janelle as the new Executive Director of the NFPC. He started on Tuesday, September 26th. An agricultural economist, Claude grew up on a dairy farm in Québec and went on to graduate from the University of Laval, Québec with a Masters degree. He worked for several years with the Quebec Ministry of Agriculture, Fisheries and Food (MAPAQ), then moved to Agriculture and Agri-Food Canada where he was involved in many different areas. For the last four years he has worked with Economic Development Canada (Québec region). Claude's varied background, his experience in federal-provincial relations and his deep knowledge of the agri-food sector will be of great asset to the NFPC and the stakeholders with whom we work. We look forward to working with Claude and introducing him to the industry.

Departure of Terry Hayward

Council's former Executive Director, Terry Hayward, retired from the federal government after 33 years of service and has decided to join the Manitoba Rural Adaptation Council as its Executive Director. Terry's move back to Manitoba after having worked for six years with the Council in Ottawa will mean a more conventional family life for him. Terry was given a rousing send-off attended by his wife and family and during this reception his many friends and colleagues had an opportunity to bid him farewell. The Council thanks Terry for being an outstanding contributor to our work and we wish him all the very best in the next chapter of his life.

IN THIS ISSUE

- * Council News
- * Agency News
- * Industry News
- * International News
- * Other News
- * Upcoming Meetings

COMMENTS or QUESTIONS

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Agency News



Canadian Turkey Marketing Agency 205th Meeting

CTMA held its 205th meeting in Waskesiu, Saskatchewan June 27-28, 2006. CTMA Vice-Chairman Mark Davies reported on the status of the 2006-2007 quota regulations, the CTMA's work with CFIA and others on the avian influenza file, the status of the WTO negotiations and the fact that the CTMA's On-Farm Food Safety Program has received technical recognition from the Canadian Food Inspection Agency (CFIA). He concluded his remarks with a report on the activities attended by the Executive Committee.

The Directors approved the revised 2006 budget with an anticipated deficit lower than originally forecasted.

Staff presented market information and the proposed CTMA On-Farm Food Safety Implementation Plan. The plan sets out the proposed role and responsibilities of the Agency and the provincial commodity boards for the various tasks/activities to be considered with respect to program development maintenance, on-farm implementation and funding for on-farm implementation. Directors, with one abstention, voted to move ahead with the proposed plan.

On the issue of raising turkey outdoors, staff reported that the Agency has no legal authority to make raising turkeys indoors a mandatory requirement. After discussing the Quebec regulation on banning outdoor production in that province, staff was requested by the Board to come up with a definition of an adequate enclosed structure. The provincial boards also agreed to lobby their respective provincial governments regarding the backyard flocks issue. CPEPC commended CTMA for taking its request seriously and for tackling this issue.

Directors unanimously approved the proposed amendments to section 1 of the Export Policy.

The fundamental changes are: to establish upper limits on the volume of export allocations that can be earned for each province; export ratios would be fixed at their 2005-06 levels; upper limits on export allocations for each province will be based on their highest historical volumes; export allocations will continue to be conditional and will have to be earned through export activity; once a Province's export allocation has been reached in a control period, additional export activity will not earn any additional export allocations and it would be the responsibility of individual Provincial Commodity Boards to deal with assurance of supply (i.e. export allocations) to individual processors in their respective provinces, where this is an issue.

The CTMA Allocation Committee met both days to discuss the new allocation methodology and produced recommendations for structure and mandate for a new Turkey Market Advisory Committee (TMAC).



Canadian Egg Marketing Agency

CEMA held its annual producer conference and their July Directors meeting in Niagara Falls from July 10th through July 12th.

The producer conference had variety of speakers. Topics discussed included research priorities for the egg and poultry industries and the threat to the U.S egg industry by animal rights groups. As well, speakers discussed how to market eggs in today's environment, the National Egg Supply Program and the WTO negotiations.

FOCUS *Newsletter*

At the Directors meeting, Agency staff gave statistical and financial updates and presented a mid-year quota allocation review. The implementation plan for the 2004 cost of production survey results was presented. The first cost of production update which contains the new results will be released on September 26, 2006.

Directors also discussed the Canadian Food Inspection Agency's prevalence study, CEMA's Animal Care Program, the egg processor contract negotiations, an avian influenza contingency plan and vaccine eggs.



Canadian Broiler
Hatching Egg
Marketing Agency
Office canadien
de commercialisation
des oeufs d'incubation
de poulet à chair

Canadian Broiler Hatching Egg Marketing Agency

The Agency held its summer meeting in Niagara Falls from July 11th through July 13th. July 11th was taken up with Committee meetings. The Directors meeting commenced on July 12th.

One of the Committees which met on July 11th was the Advisory Committee. The Committee met to discuss the chicken market for 2006 and 2007 and agreed that for these years domestic chicken production would be 972.0 million kilograms. This recommendation was adopted by the Directors during the open meeting on July 12th for use in determining the 2006 final and 2007 initial broiler hatching egg allocations.

The Directors received updates on discussions with non-signatory provinces about these provinces joining the Agency. Steve Verheul, Canada's chief agriculture negotiator provided an update on the WTO negotiations. The Directors reviewed issues regarding the Agency's proposed changes to the administration of the broiler hatching egg and chick tariff rate quota and the Canadian Food Inspection Agency's prevalence survey. The Directors also reviewed the liquidated damages assessments for 2005.

The Draft Federal-Provincial Agreement - Schedule C - the allocation methodology, was reviewed. The final draft of the draft agreement and all schedules will be circulated to the signatories in early September 2006 for comment.



Industry News

Three Quebec Co-operatives in New-Brunswick

Jean-Charles Gagné, La Terre de chez nous, June 15th, 2006

Three Quebec co-operatives pooled their resources to create Volailles Acadia Inc./Acadia Poultry Inc.) to manage the chicken, turkey and pork production activities they recently acquired from Productions agricoles Ouellet, in New-Brunswick. This is an important transaction since Productions agricoles Ouellet accounted for 23% of turkey production and 16% of chicken production in this province.

The Coop fédérée as well as the agri-food cooperatives Purdel and Groupe Dynaco now own some twenty chicken houses, in which are grown annually some three million chicken and 100,000 turkeys. The transaction, whose total amount neither party accepted to reveal, included as well two hog farms (some 8,000 hogs annually), a feed transportation business, and the transfer of about 25 employees from Productions agricoles Ouellet. The seller keeps its 85,000-layer hen house and its feed mill.

Congratulations! To Burnbrae Farms headquartered in Lyn, Ontario for receiving their sixth Canadian Grand Prix New Product Award for "Egg Creations". The Grand Prix honours the best new food and non-food products for their excellence in taste, innovation, nutritional value, packaging and design, labeling, pricing, taste, quality and overall consumer benefits. Grocery products introduced or marketed in Canada between January 1 and September 30, 2005 were eligible for the awards. For further details please see the August 2006 edition of the magazine [Canadian Grocer](#).

FOCUS *Newsletter*



International News

Bird Flu Issues Top IPC Agenda

World Poultrymeat, No. 78, June 7, 2006

The newly formed International Poultry Council (IPC), set up to help improve communication and co-operation between poultry producing and exporting nations worldwide and the regulations that govern them, held its third meeting in conjunction with the VIV Europe show in Utrecht.

The initial group of eight founding member countries or regions (the EU, for example, currently sits as one member) has grown to 16 as of May 2006. Canada is the newest, represented by the organizations Canadian Poultry and Egg Processors Council (CPEPC), Further Poultry Processors Association of Canada (FPPAC) and the Canadian Association of Regulated Industries (CARI) with Robin Horel and Robert DeValk as Canada's recognized representatives. The Council now represents some 80-85% of the world poultry production and more than 95% of global trade in poultry. It says there are a number of potential new members expressing an interest in joining and it expects a further increase in membership ahead of its first world congress meeting, scheduled for Guadalajara, Mexico in September, which will be opened by President Fox of Mexico. Among these, individual EU countries are also planning to join the IPC and the Council has also decided that individual companies may join as associate, non-voting, members for a fee of US\$1500 a year. Although only in its first year of operation, IPC representatives say they can already see the potential benefit of belonging.

Poor Outlook for World Markets

World Poultry Meat, No. 80 July 5, 2006

Bird flu, together with the trade bans in place due to the FMD and BSE outbreaks, has had a noticeable effect on all world meat markets, according to German market analyst ZMP. The collapse in poultrymeat sales and production has benefited pig and beef meat sales. Outbreaks of bird flu in a total 40 countries at the end of 2005 and beginning of 2006 caused an upsurge in consumer fears, hitting poultrymeat trade and, subsequently, production.

While world poultrymeat production and demand has shown steady year-on-year rises of 3-4% in previous years, the UN Food and Agriculture Organization (FAO) has estimated that production this year will fall by around 1%.

This drop will be particularly noticeable in Europe, the Middle East, Turkey and Asia, the FAO said. Export prices which have fallen by between 20% and 50 have made sales more difficult and led to excess stock in deep freeze storage. The US and Brazil, which combined, accounted for around 70% of the world's total poultrymeat exports, are expecting to see a drop of around 1% to 6% in exports this year.

US closes in on Brazil

World Poultrymeat, No. 83 August 16, 2006

The United States has closed in on Brazil as the Latin American country faces the possibility of losing its world crown for exporting chicken meat, wrested from the United States in 2004.

The signs are already there in the data for the first half of the year, with latest figures for June from the United States showing over 1.3 million tonnes of chicken meat exported compared with 1.26mt 2005H1, while Brazil dropped to 1.24m compared with 1.35m a year earlier.

Brazil has been wrestling with export slippage in its major markets because of the bird flu-related slump in demand from major customers, and a global glut in poultrymeat. Meanwhile, the US has seized on regained access to China, whose orders have more than compensated for the unreliable relationship the US has with its other major customer, Russia.

When Brazil took the lead, it exported almost 14% more chicken than the US, while last year it exported 20.5% more. But its July figures do not show much sign that the world's most ambitious chicken exporter will hold on to its throne.

Chicken leads US food exports to Cuba

World Poultrymeat, No. 83 August 16, 2006

With an export value of US\$60 million last year, chicken moved into first place among US food and agricultural products exported to Cuba for the first time since agricultural trade restrictions were relaxed beginning in 2002, followed in order by maize, wheat, rice and soybeans.

Data compiled from US and Cuban government trade statistics by the US-CUBA Trade and Economic Council (USCTEC) showed that chicken exports increased despite all US food and agricultural exports to Cuba in 2005 falling 11% from the previous year's levels.

FOCUS *Newsletter*

Chicken ranked third in 2004 at US\$57.2m. All US poultry sales to Cuba were second in 2003 at \$37.2m and third in 2002 with \$21.6m.

Total exports in 2005 were \$350.2m, compared with \$392m in 2004. USCTEC blamed the decline on Cuba's effort to persuade US exporters to lobby for relaxation of trade restrictions imposed after Fidel Castro took power more than 40 years ago. In addition, Cuba's ability to obtain favourable terms for purchases from Venezuela and China or barter and credit from Brazil, Argentina, Vietnam, Mexico, Canada, and France are said to have contributed.

US sales are cash-only, authorised by the Trade Sanctions Reform and Export Enhancement Act of 2000.

Isotech is working with the Alberta Egg Producers Co-operative and Vanderpol Egg Products Inc., using eggs from hens specifically raised for this research. The company inoculates chickens with specific bacteria to produce antibodies to fight the bacteria. Eggs are separated into whites and yolks and IgY is extracted from the yolks.

Isotech is exploring new markets for the acne product, but is also developing products to fight *Helicobacter pylori*, a bacteria in the stomach lining that causes ulcers and sometimes cancer. Clinical trials are under way in China.

Egg-Citing Trends

Eggs and egg substitutes are becoming more popular with time-strapped and health-conscious Canadians
Ken Ramstead, Egg Report

After being shunned in the '80s and the '90s as a major source of cholesterol, the humble egg is back as popular food.

The popularity of eggs comes as no surprise to the industry veteran who says: "The Canadian Egg Marketing Agency is concentrating on the health side of eggs, and the fact that eggs can assist you in maintaining your energy throughout the day". In addition, a variety of new products have helped enhance the allure of the egg in the public eye. "As people pursue more health-conscious lifestyles, they are also choosing grocery products to suit that lifestyle," says Stephen Petasky, owner of the Sherwood Park, Alta., Sobeys. "And specialty eggs and egg supplements are a perfect example of what products people are buying."

Grocers have taken their lead from the customers. From Bonnie Cohen, the marketing and nutrition manager at the Canadian Egg Marketing Agency in Ottawa, the fact that the omega-3 category just keeps growing, while not news, is the hot topic around her water cooler. "It's quite amazing to watch that growth," she says. "Since Health Canada put in the new labeling regulations, the media have been playing up the health benefits of omega-3 enhanced foods. People understand and get it."

Egg and egg-substitute producers and manufacturers are tapping into the fact that consumers are looking for a healthy lifestyle while craving a great-tasting product. The egg delivers on both fronts.

With an ageing demographic, and consumers who are savvy about reading nutrition back panels to understand just what foods are good for them, this is a trend that is here to stay.



Other News

Eggs used in medicine

By: Karen Morrison
Saskatoon newsroom

Eggs have always been eaten for breakfast, but now they are also being used to treat acne and may one day prevent stomach cancer. Since 2004, Isotech Research Inc. in Airdrie, Alta., has studied the applications of immunoglobulin yolk, or IgY, which occurs in the yolk of an egg and is produced by hens as anti-bodies.

Liliana Camargo, a microbiologist with Isotech, said antibodies are extracted from eggs and combined with ocean clay to produce a hydrating cream and mask to treat acne.

The cream, sold mainly in China, Japan and South Korea shows a 75 percent control rate in acne studies conducted in China, Camargo said. "It's a natural antibiotic."

Acne medications now on the market are effective, but contain high concentrations of Vitamin A that can produce side effects in the liver and stomach.

Camargo said the IgY-based product's big advantage is in the use of natural ingredients such as eggs and the development of new value-added markets for chicken producers.

FOCUS *Newsletter*

Upcoming Meetings

October 3	CFC Meeting	Calgary
October 4-5	National Chicken Council	Washington, D.C.
October 16-18	CPEPC Directors Mtg.	Vancouver
October 23-24	Grocery Innovations Canada	Toronto
October 24-25	National Farm Products Council	Ottawa
November 2-3	NAASA Meeting	Ottawa
November 8-9	CEMA Meeting	Ottawa
November 21-23	CBHEMA Meeting	Ottawa
November 28-30	CTMA Meeting	Toronto
November 29-30	CFC Meeting	Ottawa
December 12-14	National Farm Products Council	Ottawa



***HAPPY
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