

National Farm Products Council

FOCUS Newsletter

Council Business

Council Meetings of February 9 and March 17

Council members met by teleconference on February 9 to prior approve the Chicken Farmers of Canada's A-64 quota regulation.

Council members again met by teleconference on March 17. Council prior approved the Canadian Broiler Hatching Egg Marketing Agency's 2005-06 levies order. The first levies order of the Canadian Beef Cattle Market Research, Development and Promotion Agency, authorizing the collection of levies on domestic beef cattle sales, was prior approved. Council also considered the Canadian Turkey Marketing Agency's final 2004-05 quota regulation, but declined to prior approve it on the grounds that the Council cannot justify to itself that this order addresses the concerns raised by Council in its December 2004 letter to the Agency.

Council Meets with Beef Agency Executive

The Executive of the Beef Agency joined Council members for breakfast during the busy week of March 21st. This was the first opportunity for Council members to meet with the Beef Agency executive. Council members congratulated the Agency on the prior approval of its first domestic levies order. The Agency in turn thanked Council for all the support it has provided to enable the Agency to reach this point.

Council Attends Ontario Egg Producers Annual Meeting

On March 14 and 15, 2005, the Ontario Egg Producers celebrated their 40th anniversary in Toronto. Their annual report was presented as well as FarmGate5, an initiative to promote the importance of poultry and dairy farms in Ontario. **Ron O'Connor**, Vice-Chair, congratulated egg producers for their work and their contribution to the egg industry in Ontario and in Canada. He also highlighted Council's priorities for the coming years.

Cynthia Currie Addresses Ontario Chicken Producers

On March 20 and 21, 2005, the Ontario Chicken Producers celebrated their 40th anniversary in Toronto. Their annual report was presented. After applauding the Ontario Chicken Producers' success, Chairperson **Cynthia Currie** highlighted the Council's strategic priorities for 2005. She also urged chicken producers to continue to work collectively to address challenges facing the industry in order to improve the Canadian supply management system.

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COMMENTS or QUESTIONS

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Council Staff Helps Tsunami Victims

Council's 14 staff have donated \$330 to the Tsunami Relief Fund. The Government of Canada has pledged to match the contributions of Canadians to help victims recover from the tsunami disaster of December 26, 2004. This act demonstrates the dedication, commitment and generosity that Council staff expresses in times of need.

In addition, each year, Council staff participates in the Government of Canada Workplace Charitable Campaign. Council surpassed its goal in 2004, helping Agriculture and Agri-food Canada (AAFC) to exceed its objective of \$220,000, with a final total of \$224,160.

Portfolio News

Free Trade Area of the Americas (FTAA)

The FTAA negotiations began in 1998 as a key part of the broader Summit of the Americas. The Summit is a forum where all countries of the Americas discuss and search for solutions to shared problems, whether social, political or economic in nature. The trade negotiations centre on the formation of a full hemispheric free trade area, comprising the 34 democratic countries of North, South, and Central America and the Caribbean.

An important part of Agriculture and Agri-Food Canada's (AAFC) Agricultural Policy Framework is to assist the Canadian agriculture and agri-food sectors in meeting consumer demands at home and abroad. Canada's FTAA negotiating position is consistent with its negotiating position in the World Trade Organization (WTO). Canada's primary objective is to achieve access for Canadian agri-food products to FTAA markets.

On February 7 and 8, 2005, a delegation from Mercosur met with Canadian representatives for

preliminary discussions to follow up on commitments made by Prime Minister Martin and Brazilian President Lula da Silva. These commitments included an agreement to pursue bilateral market access negotiations in the areas of goods, services and investment. The two sides are confident that working towards the expansion of trade and investment relations between Mercosur and Canada will contribute to the creation of the FTAA.

Agency News

Canadian Beef Cattle Research, Market Development and Promotion Agency

The Beef Agency held its Annual General Meeting on Monday March 21st. At this meeting, Directors passed a motion to enact the Agency's first levies order.

The Agency has approved July 1, 2005 as the date for full implementation of the levies order. A communication strategy was presented and approved which will inform the cattle dealer networks of the requirement to collect and remit the levy.

The Agency will now begin developing a levies order to collect the equivalent of \$1 per head on imported beef and beef products.

Congratulations to **Marlin Beever** (Manitoba), who will continue as Chair of the Agency. The Vice Chair has not yet been elected.

Canadian Broiler Hatching Egg Marketing Agency

CBHEMA held its 18th Annual General Meeting on Wednesday March 23rd. As part of the Annual Meeting **Bob Friesen**, President of the Canadian Federation of Agriculture and **Steve Verheul**, Canada's Chief Agricultural Negotiator, discussed the current round of trade negotiations at

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the World Trade Organization. In keeping with past annual meetings, the Agency had a Broiler Breeder Scholarship Recipient make a presentation on her research. This year **Bryanna Kumpula** spoke on her research comparing hatchability, incubation length and chick quality of three egg sizes from two broiler strains.

At its business meetings, the Agency discussed the required amendments to the Agency's Proclamation due to Alberta's withdrawal on December 1, 2004, as well as the dissolution by the Manitoba Government of the Manitoba Broiler Hatching Egg Commission and the transfer of its regulatory and administrative powers to the Manitoba Chicken Producers.

The CBHEMA Executive remained unchanged. Congratulations to the re-elected members:

Chair - **Ed de Jong** (British Columbia)
Vice Chair - **Gyslain Loyer** (Quebec)

Canadian Egg Marketing Agency

CEMA had its Annual General Meeting on March 22nd. The Agency reported that with the exception of the AI crisis in British Columbia, it was a positive year for the Agency. The Agency's financial situation is very good. It began 2004 with a total fund balance of \$28.764 million. With revenue exceeding costs by \$15.840 million, the year-end fund balance was \$44.604 million.

At its business meetings, Agency staff presented statistical information for 2004 and the first 8 weeks of 2005, as well as financial information for the first 8 weeks of 2005. For 2005 to date, industrial product declarations are 153.8 thousand boxes of eggs above projections. As a result of this, the Agency's Pooled Income Fund balance has dropped by \$1.3 million more than initially budgeted.

Agency staff also presented the Board with an update on the marketing and nutrition strategy for the coming year and an update on the progress of the current round of negotiations at the World Trade Organization.

Congratulations to the elected Executive:

Chairman - **Laurent Souigny** (Ontario)
1st Vice-Chair - **Gordon Hunter** (New Brunswick)
2nd Vice-Chair - **Maurice Richard** (Quebec)
Executive Member - **Fred Krahn** (B.C.) **NEW**

Chicken Farmers of Canada

The Chicken Farmers of Canada (CFC) held their Annual General Meeting in Ottawa on March 22 and 23, 2005. Following up on the September 2004 stakeholder meeting on ways to improve the Agency's allocation setting process, the Share the Market Working Group presented its report to Directors.

The Report contained four recommendations:

1) CFC should pursue the final four signatures to complete the proposed amendments to the Operating Agreement; 2) CFC Market Development Committee should investigate the merits of the options provided by the working group to enhance the Market Development Policy's ability to provide differential growth; 3) the remainder of allocations set in 2005 should be face-to-face meetings; and 4) a full discussion on base allocation should take place prior to setting them. These recommendations were accepted by Directors.

CFC attempted to set the allocation for Period A-66, but a consensus could not be reached. The Canadian Restaurant and Foodservices Association, Further Poultry Processors Association of Canada and the Canadian Poultry and Egg Processors Council presented a consensus position on what they thought was required to supply the period, but this amount

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was viewed as too low and therefore rejected by provincial directors. Another face-to-face meeting has been scheduled for April 12th in Ottawa to come up with an allocation for A-66.

Congratulations to the elected Executive:

Chairman - **David Fuller** (Nova Scotia)

1st Vice-Chair - **Martin Dufresne** (Quebec)

2nd Vice-Chair - **Urs Kressibucher** (Ontario) **NEW**

Exec. Member - **Eugene Zagrodney** (Sask)

Canadian Turkey Marketing Agency

Allocation issues were front and centre at the Canadian Turkey Marketing Agency's (CTMA) March meetings in Ottawa. In her address to the Agency, Council Chair **Cynthia Currie** conveyed a strong message that it is time for the membership to get the job done on resolving issues surrounding allocation.

In response to Council's December 2004 complaint committee report in the matter of the B.C. signatories' complaint against the CTMA's allocation policies, three sub-committees were formed to define and measure the criteria set out in Section 4 of the Proclamation. The sub-committees met behind closed doors during the week to continue their work.

A meeting has been scheduled for May 9 and 10, for this important work to continue. The sub-committees will make a final recommendation to the Board prior to their June meetings where the hope is that a new allocation methodology can be agreed to.

A review of CTMA's Export Policy by Serecon Management Consulting was presented and accepted by the Board of Directors. The report will likely provide plenty of fodder for further discussions on the future of this policy and allocation in general.

CPEPC provided an update on the supply of product for McDonald's turkey deli sandwich. A two-week deadline was imposed to provide time for further discussions on supply issues amongst processors. The Turkey Market Advisory Committee (TMAC) recommendation for commercial quota allocation for the 2005/06 control period was rejected by Directors. Following a lengthy debate no agreement was reached on the number of kilograms required for the coming year.

*The CTMA Executive remains unchanged.
Congratulations to the re-elected members:*

Chair - **Brent Montgomery** (Quebec)

Vice Chair - **Mark Davies** (Nova Scotia)

Executive Member - **Wayne Kroeker** (Manitoba)

Industry News

In Memoriam - Phil Kudelka



We join industry partners in expressing sympathy to the Kudelka family on the passing of **Phil Kudelka**. Phil worked with many of us at the Council during his years in the poultry sector.

Poultry Industry Conference and Exhibition

The Poultry Industry Conference and Exhibition, also known as the London Poultry Show, is celebrating its 48th anniversary. The event, co-sponsored by the Poultry Industry Council and the Western Fair Association, will be held on April 13 and 14, 2005 in the Progress

Building at the Western Fairgrounds in London, Ontario. The London show is the only event in Canada where poultry exhibitors come together to showcase their products and services.

Attendance is usually between 5,300 and 5,500. The show provides an excellent opportunity for industry participants to stay up to date in an increasingly demanding and competitive business.

This year, Council is holding its April 2005 meeting in conjunction with the London Poultry show. This will give members the opportunity to experience this well-known poultry show, to browse through the numerous booths and to meet and greet some of the exhibitors and visitors.

Value-added Agriculture - Big Business



Mr. David Coburn, Owner of Coburn Farms and a former Council member, talked about the value-added opportunities he has introduced to his business in a recent article in *Canadian Poultry*. Mr. Coburn, with his family, operates a 500 acre farm in New Brunswick.

The layer operation is the heart of the business and continues to offer strength that supports the rest of the farm operation. The manure from the 25,000 layers is used in organic compost that enables them to grow 1,000 plants per year of organic peppers as well as produce 70,000 liters annually of apple cider from their 10-acre orchard. These products are consumed all over Atlantic Canada.

In Atlantic Canada, an estimated 84 per cent of primary agricultural products are processed before reaching the market, according to *Canadian Poultry*.

Mr. Coburn states "We are driven to be unique. It's a way of life to add value, not a mandated initiative".

Mr. Coburn has built his family business by keeping doors open, having ambitions and being distinctive in a small land base province. "My main goal is to enhance and maximize the products I produce. I'm a sustainable farmer and diversification is what keeps farming fun and challenging for me."

Conference Board Food Sector Forecast

Food In Canada magazine reported last month that the Conference Board of Canada is forecasting lower food manufacturing industry profits over the next two years due to weaker export markets, after posting record profits of \$2.7 billion in 2004.

Louis Thériault, the associate director of the newly published: *Canadian Industrial Outlook: Canada's Food Manufacturing Industry* reported that: "Export growth is expected to subside considerably this year following double-digit increases for most industry sectors in 2004."

In the cattle industry, prices were expected to return closer to historic levels if the export ban on younger Canadian livestock was lifted.

With costs growing faster than revenues in 2005, profit levels will decline compared to last year.

Quebec Poultry Research Facility

The Faculty of Agricultural and Environmental Sciences of McGill University in Ste-Anne-de-Bellevue began construction of its new Centre for Poultry Research in September 2003. The facility is now completed with some of the equipment and birds in place.

The Centre is named "The Donald McQueen Shaver Poultry Complex" in recognition of Dr. Shaver's lifelong contribution to the Canadian and world poultry industry and his long involvement with McGill University.

This poultry facility is part of the R. Howard Webster Centre for Teaching and Research in Animal and Poultry Science, Faculty of Agricultural and Environmental Sciences, Macdonald Campus of McGill University in Sainte-Anne-de-Bellevue. The official inauguration will be held on May 26, 2005 in Montreal.

International News

2005 International Poultry Exposition

Council members **Maurice Giguère** and **Michel Veillette** and Council staff **Reg Milne** attended the International Poultry Exposition in Atlanta, Georgia from January 25th through January 28th.

The theme of the exposition was "Changes and Challenges". This was chosen to reflect the continuous technological change that has occurred in the poultry and egg industries and how these industries have adopted technology to overcome the challenges presented to them over the years. The U.S. Poultry & Egg Association, sponsor of the show, held an educational program. The program included many interesting sessions. Council representatives attended the session on avian influenza.

The 2005 exposition featured 834 exhibitors and approximately 18,763 people from 96 countries attended the exposition from around the world. The next show is scheduled for January 25-27, 2006.

USDA Outlook Conference



The United States Department of Agriculture (USDA) hosted its 2005 Outlook Conference in Arlington, VA on February 24 and 25. Since 1923, USDA has organized this annual forum to provide farmers and the agricultural industry with an overview of current developments and issues. The forum also provides a platform for information sharing on trends and events that shape the global agricultural outlook.

This year's theme was Science, Policy, Markets - What's Ahead. Approximately 1,400 participants from around the world attended, including producers, economists, representatives of agribusiness, government officials and other interested parties.

US Agriculture Secretary **Mike Johanns** stressed the "interconnectedness" of today's world market. While referring to the BSE and Avian Influenza outbreaks and their negative impacts on the global industry, he also mentioned the positive results of globalization.

Panel members highlighted the relationship between science and farm productivity, nutrition, health, and safeguarding of the environment. Scientific findings can play a critical role in policy-making and trade regulations and can influence consumers' choices. Speakers explored several aspects of science, its impact on policy in the context of WTO issues and the role of science in providing international safeguards to restore trade.

Relating to science and humanity, Keynote Speaker **Dr. Norman E. Borlaug**, 1970 Nobel

Peace Prize Laureate, addressed 21st century challenges for developing countries such as poverty, literacy, infrastructure, food supply, hunger, and peace. He voiced an urgent need for a "Marshall Plan for Africa". Trade issues and policy reforms in developing countries were also discussed.

Overall, the financial outlook for US agriculture appears optimistic in the coming years according to USDA economists. This is in spite of some risk factors such as uncertainty about the sustainability of the global economic recovery, the value of dollar, trade negotiations, emerging competitors, Bird flu in Asia, BSE, oil prices, interest rates and other issues.

Poultry Industry Predictions for 2005

The POULTRY magazine and Meatingplace.com have conducted a first Annual Conventional Wisdom Survey. They asked poultry processors, producers, suppliers and others their expectations for 2005 regarding such topics as new products, plant operations, market conditions, animal health and more.

They received over 700 responses with a wide range of opinions and ideas. According to respondents, some of the top challenges facing the meat and poultry industry are: price pressure, margin constrictions, food safety regulations and animal health and welfare.

When asked what factors would be important in ensuring the future success of the poultry industry, 33 per cent said new production and processing technologies represented the greatest opportunity. Tied in second place, with 21 per cent, were product innovation and new marketing strategies and in third place was regulatory or legislative reform with 19 per cent.

When questioned on the most significant driver of new product development, 42 per cent said healthfulness was most important, 35 per cent convenience, 14 per cent branding and 5 per cent flavour. Some respondents voiced concerns about improving the public image of the meat and poultry industries, particularly when it comes to food safety and animal welfare, while others offered ideas about improvements and efficiencies.

WTO Celebrates 10th Anniversary



2005 marks the 10th anniversary of the creation of the World Trade Organization (WTO) on January 1, 1995. The WTO was created as part of the

enactment of agreements reached under the Uruguay Round, signed at Marrakesh on April 15, 1994.

Here are key dates in the history of this organization:

December 1993: Peter Sutherland, Chairman of the Trade Negotiations Committee, closes the Uruguay Round Negotiations.

April 1994: US Trade Representative Mickey Kantor and Supachai Panitchpakdi, Deputy Prime Minister of Thailand sign the Final Act of the Uruguay Round at Marrakesh.

December 1996: First Ministerial Conference held in Singapore.

May 1998: World leaders gather at the Second Ministerial Conference in Geneva for the 50th anniversary of the GATT-WTO trading system.

November 1999: Third Ministerial Conference is held in Seattle.

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November 2001: China becomes the 143rd member and Chinese Taipei becomes the 144th member of the WTO at the Fourth Ministerial Conference in Doha.

September 2002: Outgoing Director-General **Mike Moore** welcomes Supachai Panitchpakdi as the new Director-General.

September 2003: **Vicente Fox**, President of Mexico is at the Fifth Ministerial Conference in Cancún.

December 2005: Sixth Ministerial Conference to be held in Hong Kong.

“ The National Farm Products Council stands ready to work closely with you on value-chain initiatives and in building export markets.
Chairperson, Cynthia Currie ”

Upcoming meetings - 2005

April

April 13-15	SIAL Montréal 2005	(Montreal)
April 13	Poultry Industry Conference & Exhibition	(London)
April 14-15	National Farm Products Council Meeting and Communications Workshop	(London)
April 13-15	WTO Agriculture Negotiations	(Geneva)

May

May 3-4	National Farm Products Council	(Ottawa)
May 17-18	World Poultry 2005	(England)
May 18-19	Canadian Egg Marketing Agency	(Ottawa)
May 18-20	SIAL China	(Shanghai)
May 30 - June 3	WTO Agriculture Negotiations	(Geneva)

June

June 5-8	CPEPC Convention	(Calgary)
June 6	National Farm Products Council (1/2 day)	(Calgary)
June 21-23	Canadian Turkey Marketing Agency	(Mont Tremblant)
June 27 - 30	Canadian Broiler Hatching Egg Marketing Agency	(Ottawa)

Did you Know?

Free-range refers to another manner of keeping livestock and domestic poultry. The animals and poultry are permitted to graze or forage outdoors. The term has not been legally defined in either Canada or the U.S.