

National Farm Products Council

FOCUS Newsletter

SM5 Reacts to WTO Developments

August 3, 2004 (Ottawa) – Canadian dairy, poultry and egg producers remain cautious about the Framework on Agriculture agreed to by the 147 WTO members on July 31. The Agreement is an improvement over previous versions, but serious concerns remain in all three aspects of agriculture negotiations (domestic support, export competition and market access).

“We encourage our government to continue to fight for Canadian agriculture and ensure that its commitment to supply management is translated into the final WTO agreement,” added **David Fuller**, Chair of Chicken Farmers of Canada.

“We have expressed our discomfort with some provisions of the text, but Canadian officials have reassured us that it will allow Canada to pursue its negotiating objectives in the next phase and we will continue to work closely with the Canadian negotiating team to achieve those objectives,” said **Ed de Jong**, President of Canadian Broiler Hatching Egg Marketing Agency.

New Federal Cabinet Appointed



On July 20, 2004, Prime Minister **Paul Martin** announced his new Cabinet, designed to deliver on the priorities critical to Canada's continued prosperity and success.

"On June 28 Canadians told us that they expect more from our government and we have been guided by that message in building this new Cabinet," said Prime Minister Martin. "Drawing on the experience of veteran Ministers who have retained their responsibilities and the talents of new Ministers, we are determined to deliver tangible progress on those issues that matter most to Canadians and upon which we campaigned."

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COMMENTS or QUESTIONS

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Appointed to the post of Minister of Agriculture and Agri-Food Canada is Mr. **Andrew (Andy) Mitchell** of Parry Sound-Muskoka, Ontario. Mr. Mitchell was first elected to the House of Commons in 1993.

His previous cabinet responsibilities include: Minister of Indian Affairs and Northern Development, Secretary of State (Parks) and Secretary of State (Rural Development) (Federal Economic Development Initiative for Northern Ontario). He served as Chair of the Standing Committee on Natural Resources, Vice-Chair of the Industry Committee, Chair of the Federal Liberal Caucus Task Force on Access to Capital by Small Business, member of the Ministerial Task Force on Disability and Canadians, and Chair of the Northern Ontario Caucus.

Mr. Mitchell has a 20-year career in banking and was involved in numerous business associations, serving as president of the Northeastern Ontario, Elliot Lake and Gravenhurst Chambers of Commerce, and as a Director of the Ontario Chamber of Commerce. Minister Mitchell will chair the Domestic Affairs Committee and sit on the Expenditure Review Sub-Committee of the Treasury Board, the Global Affairs Committee, the Canada-U.S. Committee and the Security, Public Health and Emergencies Committee.

Mr. **(Arnold) Wayne Easter** was appointed Parliamentary Secretary to the Minister of Agriculture and Agri-Food with special emphasis on Rural Development. Representing the riding of Malpeque, Prince Edward Island, he was first elected to the House of Commons in 1993.

In 2002, he was appointed as Solicitor General of Canada. He has also held the post of Parliamentary Secretary to the Minister of Fisheries and Oceans.

Mr. Easter was also a member of the Prime Minister's Task Force on the Future of Farming and has served as Chair of the Standing Committee on Fisheries and Oceans. Mr. Easter has been a

member of the Standing Committee of Agriculture and Agri-Food and is Vice-Chair of the Canada-U.S. Parliamentary Association.

Message from the Minister



It is with great pleasure that I bring you greetings as Canada's new Minister of Agriculture and Agri-Food. I am honoured to have been appointed Minister of this important portfolio.

There is no doubt that agricultural producers and the many other members of this diverse industry play a vital role in the lives of Canadians. Not only do they generate significant economic activity for Canada, but they also ensure that Canadians have safe, high-quality food to put on their tables, day after day, year after year.

However, the industry has also faced many significant challenges in recent years. From drought to BSE and avian influenza, Canadian producers have been working hard to manage the impacts of circumstances beyond their control.

As a government, we need to take the appropriate steps to help ensure the industry remains successful, both now and into the future.

I look forward to working with you.

Sincerely,

The Honourable **Andy Mitchell**
Minister of Agriculture and Agri-Food Canada

Council Business

Departure of Council Member

At the end of July, Council said farewell to Member **Félix Destrijker** of St-Ludger, Quebec. A Council member since 2001, Félix is the former Chairperson of the Canadian Egg Marketing Agency, a former director of the Union des producteurs agricoles du Québec, and a former vice-president of the Fédération des producteurs d'œufs de consommation du Québec.

He is currently the Mayor of St-Ludger, Quebec. He also co-owns four businesses: la Ferme Avibeau Inc., a table egg producer in St-Ludger; La Ferme Hellebecq SENC, a pullet grower in Plessisville; Les Oeufs Blais & Breton Enr., an egg and egg product distribution company in St-Bernard; and Vitoeuf Inc., an egg processing and further processing company in St-Hyacinthe, Quebec.

Council Chair, **Cynthia Currie** said: "Félix brought a magnitude of knowledge with his experience in the egg business." She added: "His expertise and the know-how he brought to our Council table will be greatly missed."

July 15 Council Meeting

Council met on July 15, 2004, by teleconference, to consider for prior-approval an amendment to the Canadian Chicken Marketing Quota Regulations for Period A-59.

CFC submitted a revised quota regulation and rationale, which explained the process used by the Agency to derive provincial allocations which reflected planned production in each province as a result of the Avian Influenza (AI) situation in BC. The regulation was prior-approved by Council.

July 27 & 28 Council Meeting

A Council meeting was held on July 27 and 28 in Ottawa. Items on the agenda included discussion of current business of the four poultry and egg marketing agencies and the beef promotion and research agency, the prior-approval of several quota and levies orders and an update on the status of the BC turkey complaint.

Chicken Quota Regulations -Periods A-60 and A-61

CFC's quota regulations for Periods A-60 and A-61 were prior-approved. Council was pleased to note that the Agency was able to quantify the impact of the AI situation on production in BC and other provinces for Period A-60. The domestic allocation was established at 192,134,764 kilograms live weight and 7,228,750 kg live weight for market development for the period beginning July 25, 2004 and ending September 18, 2004.

BC's production is expected to return to normal for Period A-61. The domestic allocation for the period beginning September 19, 2004 and ending November 13, 2004 was set at 194,847,469 kg live weight, while the market development allocation was 11,953,875 kg live weight. In discussing CFC's allocation process, Council was encouraged to note that CFC will be meeting on September 15 and 16 in an effort to improve the allocation process. Council observers will be attending the meeting.

CEMA Quota and Levies Orders

CEMA's quota and levies orders for the period August 1 to December 25, 2004 were prior-approved. In coming to its decision with respect to the quota order, Council considered and discussed information from a number of sources,

including the letter of rationale from CEMA, the minutes of CEMA's June 15, 2004 meeting, and reports from Council representatives who attended the Agency's June and July meetings.

In addition, Council invited representatives of the Agency to its meeting and had the opportunity to discuss the quota order and rationale with them.

As a result, Council was satisfied that the criteria were duly considered by CEMA and that the quota order was consistent with the Agency achieving its objects as set out in Section 21 of the Farm Products Agencies Act.

In prior-approving the levies order, Council noted the very healthy financial situation the Agency currently enjoys. The Agency's decision to decrease the levy by two cents for the balance of 2004 was noted as being fiscally responsible.

BC Turkey Complaint

Council Chair **Cynthia Currie** met with representatives of the BC turkey industry in Victoria, BC on July 6. They discussed the concerns of BC signatories regarding the allocation policy of the Canadian Turkey Marketing Agency.

The BC signatories requested that Council facilitate a face to face meeting with CTMA.

Council has arranged for a meeting to take place on August 26. While the complaint remains active, Council will delay consideration for prior-approval of CTMA's amendment to the Canadian Turkey Marketing Quota Regulations establishing the preliminary quota allocation for the 2004-2005 control period.

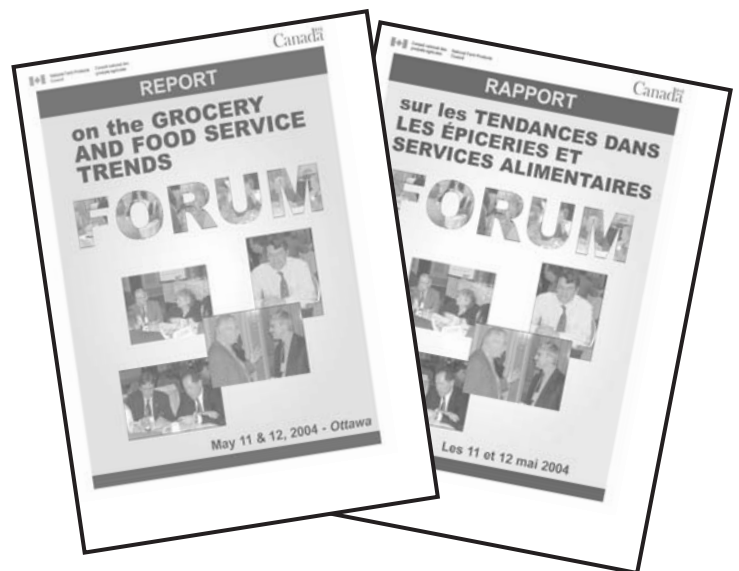
Final Report on May 2004 Forum

The final report of Council's Forum on Trends in the Grocery and Food Service Industry will be distributed at the end of this month with Canadian Poultry, along with the 50th Anniversary special edition of *Canada's Who's Who of the Poultry Industry*.

The Forum report reviews the presentations of the five key-note speakers, who focused on conditions grocers and food service operators face in today's markets.

Also included is a summary of Forum participants' views on how the poultry and egg industry can better respond to changes in the value chain.

The report will also be posted on Council's website. Please visit our website at: www.nfpc-cnpa.gc.ca for more information.



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Agency News

Canadian Egg Marketing Agency

CEMA held its annual Producer Conference and Summer Directors Meetings in Quebec City from July 5 to 7. At the Producer Conference, speakers addressed bio-security and agriculture, and international trade.

At a Directors meeting on July 6, the Agency set the quota order for the period August 1 to December 25, 2004. The Agency set regulated layers at 20,244,672, an increase of 292,388 layers. For Eggs for Processing and Market Development Quota, there was no change from the levels established for the December 28, 2003 to July 31, 2004 period.

Canadian Turkey Marketing Agency

In spite of a full agenda, debate on allocation policy remained prominent at the CTMA's June meeting in Winnipeg. Directors were provided with a discussion document that reflected developments coming out of their April meeting and work undertaken by the Executive Committee. The paper focused on possible measurements and mechanics of a proposed allocation policy. Based on the discussions in Winnipeg, the Executive Committee will table a draft policy at the CTMA's September 20-23 meeting.

Chicken Farmers of Canada

CFC met in Calgary from July 18 to 22. Avian Influenza (AI) had an impact on discussions on several different topics: AI compensation, consumer chicken usage and attitude survey, animal care guidelines, and reduced TRQ levels for next year.

Other Agency business included a motion to increase the penalty payable for under-marketing under the Market Development Program from 44 cents per kg to \$1.00 per kg., an update on the Agency's On-Line Business Initiative, information on recent developments in the WTO negotiations, and discussions on the upcoming allocation methodology meeting to be held in Ottawa on September 15 and 16.

Canadian Broiler Hatching Egg Marketing Agency

CBHEMA met in Winnipeg from July 13 to 15. The Agency revised its preliminary allocation for 2005. The on-going negotiations regarding the notice of withdrawal submitted by Alberta at the March 2004 meeting were discussed.

The Agency also noted that producers in BC are being asked to re-stock their barns in an orderly manner in order to ensure that there are sufficient pullets available, and that the supply and quality of hatching eggs is consistent in the future.

As a result, the Agency introduced the concept of a program, to be funded by a national levy, to compensate BC producers for lost revenue resulting from delayed re-stocking of their barns. Agency Directors will continue to discuss this program at their November board meeting.

Industry News

Sunrise to Build Facility in Lethbridge

Sunrise Poultry, one of Canada's largest poultry processors, has selected Lethbridge as the location for the firm's second poultry processing plant and hatchery.

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The poultry processor has achieved its desired commitment from local producers: they have a solid deal for at least 150,000 birds per week.

Said **Peter Shoore**, owner and president of Sunrise Poultry: "We have already surpassed our minimum number of birds required to take advantage of the proposed plant's capacity and to go ahead with construction.

We are also in the process of selecting a site for our hatchery. Our plans are to have the hatchery built first; we'll have that up and running as expeditiously as possible."

Sunrise Poultry will create about 145 jobs this year and over 400 jobs by 2010. Eventually the plant will process 500,000-600,000 birds per week.

Lilydale Acquires Plant in Mirabel, Quebec

On May 20, 2004, the Board of Directors of Lilydale announced approval to proceed with the acquisition of a poultry processing plant in Mirabel, Quebec, through a wholly owned subsidiary.

Initial plans are to manufacture Lilydale brand tray pack poultry products at the new plant. The facility has air-chilling capacity to process 2,000 birds per hour through the existing structure.

Upcoming meetings - 2004

August

Aug. 17-20 Canadian Cattlemen's Association (*Semi-annual meeting*) (Calgary)

September

Sept. 8-9 Canadian Egg Marketing Agency (Ottawa)
Sept. 15-16 Chicken Farmers of Canada (Ottawa)
Sept. 20-23 Canadian Turkey Marketing Agency (Toronto)
Sept. 28-29 Canadian Broiler Hatching Egg Marketing Agency (Ottawa)

October

Oct. 13-14 National Farm Products Council (Ottawa)
Oct. 25-26 Canadian Poultry and Egg Processors Council (Winnipeg)
Oct. 27-28 Canadian Poultry Industry Workshop and Forum
Avian Influenza - Lessons Learned and Moving Forward (Abbotsford)

November

Nov. 9-10 Canadian Egg Marketing Agency (Ottawa)
Nov. 16-18 Canadian Broiler Hatching Egg Marketing Agency (Ottawa)
Nov. 23-24 Chicken Farmers of Canada (Ottawa)
Nov. 23-25 Canadian Turkey Marketing Agency (Toronto)