

## The European Union Invokes Article XXVIII to Safeguard its Poultry Industry

The European Union (EU) created three new tariff rate quotas (TRQs) to cover imports of salted poultry meat, preparations of turkey meat and cooked chicken meat into the EU. The agreement modifies the current bound tariff rate concessions for the three items in question and creates three new TRQs, in conformity with the procedure set out by GATT Article XXVIII (28). Under this procedure, a WTO Member has the right to withdraw a concession provided that compensation is offered to the main trade partners.

Agreements have been struck with the two major poultry importers to the EU, Brazil and Thailand. Brazil's agreement was finalized in October while the one with the Thai government was concluded at the end of November.

"Our aim is to streamline the system of EU tariff levels for these products. The changes will not affect Thailand's traditional export volumes," said Jean-Jacques Bouflet, Trade Counsellor at the Delegation of the European Commission to Thailand. "Due to a considerable export surge in recent years from a number of countries including Thailand we need to control future expansion".

TRQs will be introduced with imports continuing to be taxed at the current level. For exports in excess of the TRQs, new tariff rates will be applied, in line with those applicable for other poultry products currently entering the EU.

"The European Union is within its rights to alter its import duty regime provided we abide by our liability for compensation" Mr. Bouflet said.

"I am very pleased with the outcome of these negotiations, which ensures that our interests are safeguarded while at the same time successfully completing the necessary changes to our bound duties for poultry meat in accordance with WTO rules," said Mariann Fischer Boel, EU Commissioner for Agriculture and Rural Development.

Canada could address the poultry industry's concerns with the 13% rule by using the same process and article of GATT. The 13% rule defines which products are not subject to import controls.

### The Details of the EU-Brazil-Thailand Agreement

For salted poultry meat, currently subject to a bound tariff rate of 15.4% with no volume restrictions, the new concession will provide for a total ceiling of 264,245 tons imported at the same bound rate of 15.4% *ad valorem*. For quantities above this, the out-of-quota rate will be 1,300€/ton (\$1,970 CDN). The allocation for Brazil will be 170,807 tons and 92,610 tonnes for Thailand.

With regard to preparations of turkey meat, at present subject to a bound rate of 8.5% with no restrictions on imported quantities, the new schedule will provide for a ceiling of 103,896 tons imported under the same current bound rate of 8.5% *ad valorem*. The out-of-quota rate will be 1,024€/ton (\$1,550 CDN). The quantity allocated to Brazil will be 92,300 tons.

For the third product, cooked chicken meat, currently subject to a bound tariff rate of 10.9%, the concession will provide for a total tariff quota of 250,953 tons imported under the same tariff of 10.9% *ad valorem*. The out-of-quota rate will be 1,024€/ton (\$1,550 CDN). The volume attributed to Brazil will be 73,000 tons and 160,033 tonnes for Thailand.

### The Process

The EU first notified the WTO on June 15, 2006 of its intention to modify the concessions contained in the EU Schedule for three poultry lines in accordance with GATT Article XXVIII.

The Commission conducted negotiations with its main trade partners for the products in question, Brazil and Thailand, and reached an agreement in less than six months. The negotiations were based on the following WTO procedure:

*When an unlimited tariff concession is replaced by a tariff rate quota, the amount of compensation provided should exceed the amount of the trade actually affected by the modification of the concession. The basis for the calculation of compensation should be the amount by which future trade prospects exceed the level of the quota. It is understood that the calculation of future trade prospects should be based on the greater of:*

- (i) *the average annual trade in the most recent representative three year period, increased by the average annual growth rate of imports in that same period, or by ten per cent, whichever is the greater; or*
- (ii) *trade in the most recent year increased by ten per cent.*

*In no case shall the liability for compensation exceed that which would be entailed by complete withdrawal of the concession.*



### IN THIS ISSUE

- 2 Outreach and Outlook — Consumer Relations at CFC
- 3 Influencing Consumer Attitudes Towards Avian Influenza and Chicken
- 4 News From the Hill

# Outreach and Outlook – Consumer Relations at CFC

## New Kids' Section at Chicken.ca

Chicken Farmers of Canada is launching a new kids' component to its website. It has been developed to complement our current kids' site, accessible through [www.chicken.ca](http://www.chicken.ca). This new section is aimed at children aged 9 to 13, whereas our current kids' site is geared toward younger children.

The site, developed by educational experts, includes 3 games and a video that tells the story of chicken from gate to plate. Two of the games were updated from our existing kids' site and made a little more challenging for older kids.

The new, third game is called "Design a Tee", giving kids the opportunity to design a virtual t-shirt for a chance to win the actual t-shirt they designed for themselves and their entire class.

This year, CFC will continue its outreach to the next generation of consumers, by offering fact sheets and special, chicken-related information for school projects and personal interest.

Projects like these allow kids to appreciate the dedication of the Canadian chicken industry to offer them safe, nutritious chicken.

## Ambassador Program

CFC received a mandate from the Board of Directors in 2001 to create programming designed to attack misinformation, provide true facts and target specific audiences.

A program was then developed with initiatives and enhanced education materials for disseminating nutritional information and dispelling myths and misperceptions.

Recent studies have shown that farmers, in particular, are trusted to provide honest and accurate information about their industries. Boards have been very clear in identifying the need to use farmers and other key industry representatives to provide information to a wide variety of people, including the media.

Over the past three years, CFC has been providing Ambassador Program Training Workshops across the country in an effort to meet this need. These challenging workshops provide farmers with


the resources required to answer challenging questions about the Canadian chicken industry.

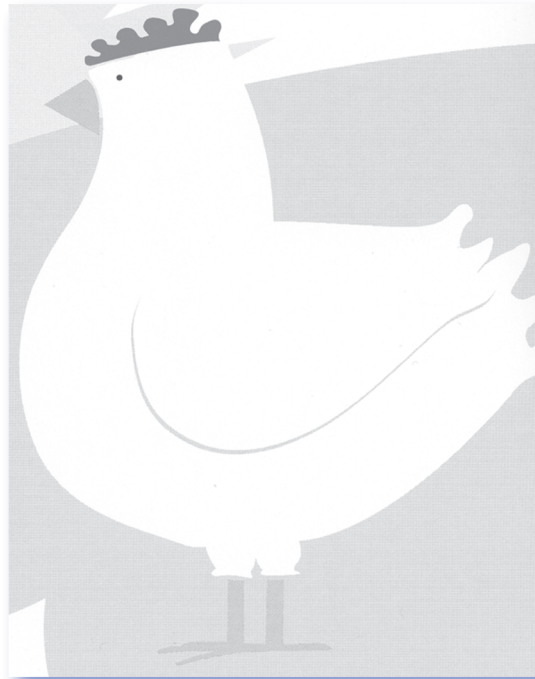
At the sessions, farmers learn:

- to encourage a positive perception of the chicken farming community in Canada
- to present a safe, healthy image of chicken farming and animal care
- to educate proactively on the life cycle of chickens (gate to plate)
- to identify food safety practices from farm to consumer
- to promote consumption of chicken as a nutritious and delicious food choice
- to demonstrate that the chicken industry is "in tune" with the tastes and lifestyle of the modern family

The training received at these workshops can easily be applied throughout the

various places where farmers may be asked tough questions about their jobs. This also helps provincial boards identify potential farmer spokespeople in the event of a crisis.

Farmers are encouraged to contact CFC or their provincial board office if they have any questions or require any additional information. 



## Government Continues to Support Agricultural Research

The Honourable Chuck Strahl, Minister of Agriculture and Agri-Food announced on November 30<sup>th</sup> the construction of a new \$8.4-million greenhouse and growth facility at the Central Experimental Farm (CEF) in Ottawa.


The Minister, no doubt drawing on his background in B.C.'s logging industry, came ready for the ceremony with a plaid shirt and work boots all polished and ready to go. After a brief presentation to the media and Agriculture Canada staff, the event proceeded outside where Minister Strahl quickly reacquainted himself with a piece of heavy machinery and dropped the ceremonial first pile of gravel. Construction began immediately on the Integrated Growth Facility (IGF) and is expected to be completed in March 2008.

"Canada's new Government wants to make sure its scientists have the facilities they need to deliver state-of-the-art research and innovation to our sector", said Minister Strahl. "The Integrated

Growth Facility demonstrates Agriculture and Agri-Food Canada's commitment to ensuring the Central Experimental Farm's future as a research centre".

The announcement of the new research facility was one of several funding announcements made in the last six months as the government has invested millions of dollars in agriculture research and initiatives.

The IGF will support and enhance the various types of research currently being done at the Agriculture and Agri-Food Canada's Eastern Cereal and Oilseed Research Centre, including plant genetics, food safety and quality, environmental health, bioproducts and bioprocesses.

The new IGF is fully in accord with the CEF's National Historic Site designation, and will reinvigorate the historical research function of the CEF. 

# Influenzing Consumer Attitudes Towards Avian Influenza and Chicken

While avian influenza has become a global concern over the past few years, it has been on the radar of farmers for decades.

Canadian chicken farmers work closely with industry, the Canadian Food Inspection Agency and other federal and provincial government departments on many issues, including avian influenza. All partners work hard to protect the food supply.

Throughout 2006, the issue of avian influenza held a strong place in the minds of both consumers and the media. Canadians love the taste, value, variety and convenience of chicken and they had serious questions regarding food safety and avian influenza.

CFC spent a good portion of 2006 assessing consumer behaviour and attitudes, determining who is most trusted to speak on the subject, assessing the general knowledge of consumers on the subject of avian influenza, and testing key messages and scenarios. The results of these studies have given CFC direction and a fuller understanding of what information consumers need.

Over 94% of Canadians are aware of avian influenza and make a strong mental association between the virus and chicken — but being aware does not mean being concerned — the level of concern about avian influenza is steadily declining and many

consumers believe that the media may be responsible for 'over-hyping' the issue.

CFC and its partners have worked diligently telling consumers that the consumption of cooked chicken does not pose a human health risk — and the message is gradually getting through — CFC has seen an 11% drop in consumers who believe they can 'catch' avian influenza from cooked chicken, from 41% in 2005 to 30% in 2006. While this number is still high, industry-wide activities in 2007 will no doubt contribute to a further reduction.

Other highlights include:

- Consumers have a favourable public attitude towards chicken in terms of consumption, confidence, and trust.
- In Canada, how close an outbreak may get to consumers is an issue that may affect consumption. Proximity, along with the speed of containment and response are key factors in reducing any avian influenza outbreak impact on consumption.
- Industry partnership with government is seen as key to the successful resolution of any avian influenza crisis.
- Consumers trust both the government and farmers to provide factual information.
- Public confidence in grocery stores/butchers and restaurants remains high.

## Chicken Consumption to Drop in Many Key Chicken Markets

### Romania's Chicken Industry Hit Hard by Avian Influenza

Chicken meat consumption in Romania will drop by almost 8% in 2006 because of avian influenza, the United States Department of Agriculture (USDA) has reported.

Romania's per capita chicken consumption for 2006 has preliminarily been estimated at 15.3 kg, a change from the 16.5 kg per capita in 2005.

The USDA November 2006 report predicts that the chicken meat industry will straighten out in the future and that consumption will increase, estimating a slight increase back up to 15.6 kg in 2007 as consumers regain confidence.

### Per Capita Changes in Other Countries

There will be a huge drop in the United Arab Emirates' (UAE) chicken consumption which has been attributed to the impact of avian influenza on production and consumption, both in the UAE and in its neighbouring Arab nations. The UAE plays a significant role as a re-exporter in the Middle East, in addition to its own sky-high per capita consumption.

While not necessarily specific to the impact of avian influenza, some other countries are predicted to experience a drop in chicken per capita consumption. Here is an excerpt from the USDA's *Livestock and Poultry: World Markets and Trade*.

Country	2006 Estimated Per Capita Consumption (kg per person)*	2005 Per Capita Consumption (kg per person)	Change year-over-year (kg)	% Change
European Union <sup>+</sup>	16.2	16.4	-0.2	-1.2
Malaysia	38.3	38.5	-0.2	-0.5
Philippines	7.5	7.7	-0.2	-2.6
Romania	15.3	16.5	-1.2	-7.8
Saudi Arabia	36.0	38.3	-2.3	-6.4
Thailand	12.1	12.3	-0.2	-1.6
United Arab Emirates	60.3	71.0	-10.7	-17.6

\*According to preliminary USDA numbers, October 2006.

+EU (25 members)





# NEWS FROM THE HILL

## Dion Becomes Leader of the Liberals

Stephane Dion, the so-called "dark horse" of the Liberal leadership race, is now the head of Canada's Liberal Party, winning the title on Saturday, December 2<sup>nd</sup>.

Dion uprooted leading candidate Michael Ignatieff, with more than half the votes after the fourth ballot. Many expected Ignatieff or former Ontario premier Bob Rae to win at the convention.

Most recently a former Minister of the Environment in the last Liberal government, Dion had been in fourth place entering the weekend, but placed third in the first ballot, edging out former Ontario education minister Gerard Kennedy by two votes.

Dion's numbers increased throughout the ballots, as candidates dropped out of the race and threw their support behind him.

Stephane Dion was a professor at the University of Laval in 1996 when he was asked to run for the Liberals. He served as Minister of Intergovernmental Affairs under former Prime Minister Jean Chretien and then as Minister of the Environment under Prime Minister Paul Martin.

Candidate	Delegate Support	Percentage
Stéphane Dion	2,521	54.7%
Michael Ignatieff	2,084	45.3%
<b>Total</b>	<b>4,605</b>	<b>100.0%</b>

## Farmsandfood.ca – Your Source for Trade and Lobby Information

Don't forget to keep checking [www.farmsandfood.ca](http://www.farmsandfood.ca) for new information about lobby efforts and how you can help ensure the continued success of Canada's supply management system. We need your help!

## CFC Government Reception

On November 29, Chicken Farmers of Canada hosted a Parliamentary reception for Senators, MPs and senior political staff in the Drawing Room located in Ottawa's famous Fairmont Château Laurier hotel.

The purpose of this event was to provide CFC's Board members and CFC staff with the opportunity to meet Ministers, Senators, Parliamentary Secretaries, Government and Opposition MPs, and senior political and departmental staff.

This event provided CFC with an opportunity to increase our visibility at the political level and to raise awareness among decision makers of a host of issues, including the current state of negotiations at the WTO.

## The Next Generation of Agriculture and Agri-Food Canada Policy

Over the past several decades, there have been substantial changes to the face of agriculture and agri-food in Canada, as well as substantial new and emerging competitive challenges. Together with governments, the sector must seek out new opportunities to ensure its future success and profitability.

Federal, provincial and territorial ministers formally launched consultations for the development of the next generation of policy and challenged the sector and those interested in it to focus their energy and enthusiasm on bringing innovative ideas and solutions to bear on the challenges the sector faces. Representatives from across the value chain will have an opportunity to provide input early in the process to help shape the discussion moving forward.

The Ministers also released an overarching discussion paper that examines the economic situation of the sector and sets out a proposed vision, as well as a principles paper that outlines proposed guidelines for the policy development process.

A series of thematic papers present possible policy options in the areas of environment (including an evaluation of ecological goods and services), food safety and quality, innovation and science, renewal, and markets and trade. As well, there are a number of economic background papers, including one on business risk management. Ministers stressed that the group of documents is intended to guide discussions during the consultations and that governments remain open to new ideas from the sector.

The documents for the first round of consultations can be found at <http://www.agr.gc.ca/nextgen>.

## OFAC Faces of Farming Calendar 2007

The Ontario Farm Animal Council (OFAC) has unveiled its 2007 Faces of Farming calendar, featuring the faces and stories of 22 dedicated individuals and their families, including many who have had to overcome great hurdles to become farmers.

The calendar is also meant to show the diverse nature of Ontario agriculture. When they're not farming, these participants are active in their communities as sports coaches and enthusiasts, 4-H leaders, church volunteers, musicians and agricultural ambassadors. Participants come from all parts of the province and represent 12 types of livestock farms.

The calendar is the work of the Ontario Farm Animal Council. OFAC's chairman, John Maaskant, described the calendar as "a tribute to the work that thousands of farmers do every day to put good food on Ontario's tables."

Each year, OFAC distributes thousands of copies of the calendar to political leaders, grocery stores and media as an early Christmas present from Ontario's 40,000 livestock and poultry farmers. Copies can be ordered through the OFAC website at [www.ofac.org](http://www.ofac.org).

The calendar is funded, in part, through sponsorship from numerous Ontario farm groups and agribusiness as well as through contributions by Canada and the Province of Ontario under the Canada-Ontario Research and Development (CORD) program, an initiative of the federal-provincial-territorial Agricultural Policy Framework designed to position Canada's agri-food sector as a world leader.

### CFC Address:

1007-350 Sparks Street  
Ottawa, ON K1R 7S8  
Tel: 613-241-2800  
Fax: 613-241-5999  
[www.chicken.ca](http://www.chicken.ca)

### Editor:

Marty Brett  
[mbrett@chicken.ca](mailto:mbrett@chicken.ca)  
613-566-5926

### Designer/Graphics:

Marie Murphy  
[mmurphy@chicken.ca](mailto:mmurphy@chicken.ca)  
613-566-5910