THE CHICKEN FARMER

Volume 9, Issue 2, February/March 2007 Published by Chicken Farmers of Canada THE CHICKEN FARMER

Publications Mail Agreement Number 40063043

Thinking about Food and the Future of Supply Management

Food Freedom Day was February 6, 2007. It represents the calendar date when Canadians have earned enough income to pay the grocery bill for the entire year.

The Canadian Federation of Agriculture calculates that it takes just 37 days from January 1st to acquire the income needed to cover annual food expenses (on a per capita basis).

Canadian consumers spend on average 10.2 percent of their personal disposable income (PDI) on food. In many parts of the world, the cost of food is significantly higher.

What is the Farmer's Share of the Price of Food?

It is not as much as consumers might think – some typical menu items:

Item	Average Price ($)	Farmer's Share ($)
Eggs Benedict	14.00	0.31 (egg farmer)
All-Dressed Pizza (Medium)	13.50	0.66 (dairy farmer)
Grilled Chicken Breast on Rice	8.49	0.19 (chicken farmer)
12" turkey Sub	5.99	0.21 (turkey farmer)

Even the tax on the average restaurant bill, or the tips left for servers, amount to more than what the farmer gets!

Canadian Food is a Priority

Polls demonstrate that Canadians want Canadian-produced food:

- 90% believe we should produce enough to satisfy Canada's needs
- 90+% say Canadian farmers are doing a great job
- 98% want to preserve strong farming communities in Canada

Canada's dairy, poultry and egg farmers carefully match the supply of food they produce to meet the needs of their Canadian consumers. The supply management system keeps prices stable, lets consumers buy the made-in-Canada products they prefer and allows farm families to make a living.

Farmers have been spending a lot of time informing everyone they know that the outcome of World Trade Organization (WTO) negotiations could jeopardize supply management in Canada,

which would threaten the livelihood of thousands of farmers and the access to many of the Canadian farm products consumers have come to know and trust. The dairy, poultry and egg sectors are calling on Canada's government to stand up for the maintenance of supply management at the ongoing WTO negotiations on agriculture.

Supply Management Makes Sense!

The Dairy, Poultry and Egg Industries:

- Contribute a net $12.3 billion to the GDP
- Generate $6.8 billion in farm cash receipts
- Sustain more than $39 billion of economic activity
- Employ about 215,000 Canadians throughout the country
- Account for 20% of Canada's total agriculture receipts

Supply Management:

- Matches production to Canadian demand
- Allows farmers to receive a fair price from the marketplace, without relying on taxpayer dollars
- Eliminates major fluctuations in prices at the farm, processing or distribution level
- Ensures an efficient and secure food supply that respects Canadian sanitation and health standards

What's the Outlook for Supply Management Now?

With an average age of 47, dairy, poultry and egg producers can see a future that allows them to raise their families and make a living in rural Canada. The stability of supply management allows producers with young families to contribute to rural development. That stability may be in jeopardy.

The current round of trade negotiations is formally on hold but technical discussions do continue. When the negotiations resume, they may well be based on the modalities text that was tabled at the WTO in June. That text is a bad deal for farmers, both in Canada and elsewhere.

Government must work to negotiate a deal that upholds the three pillars of supply management: import controls, producer pricing and production discipline. Canada is already far ahead of other countries in providing market access for dairy, poultry and eggs. Canada must not be expected to offer further increases in market access for these products.

Chicken Farmers of Canada
Les Producteurs de poulet du Canada

IN THIS ISSUE

Come See What's New! www.chicken.ca

Is the U.S. TPA Going to Make or "Brake" the Doha Round?

Experts, politicians and diplomats love to speculate about when and how the current WTO round of negotiations will reach an agreement. Even more, they love to discuss why the round will succeed or why it will fail. However, when negotiations affect almost everyone in the world and cover all economic sectors, pointing to one particular reason for success or failure is next to impossible.

The reality is that there are countless factors that affect the dynamics of negotiations and it is essentially impossible to clearly identify the one that is crucial for the process. In fact, it is a combination of all factors that determine success or failure. In this article, we are going to have a look at one aspect that has been trumpeted recently as the possible deal maker (or in its absence, deal *breaker*) for the Doha Round: the American Trade Promotion Authority—the TPA (formerly known as "fast track").

The U.S. Trade Promotion Authority

In the United States, Congress has authority over foreign trade, having the power to regulate commerce with other countries and to make decisions on tariffs and other duties. By contrast, the President has no specific responsibilities for trade, but has exclusive authority to negotiate treaties and international agreements. Due to this division of powers, it is imperative for the two institutions to cooperate on international trade matters, if the U.S. is to be a credible player on the world arena.

Trade agreements entered into by the President require supportive, Congress-approved legislation for their implementation. It would be very awkward for a signed trade deal with the U.S., represented by the President, to break into pieces when Congress decides to change it all when passing the implementing legislation.

Cooperation between the President and Congress on trade policy issues dates back to the Great Depression. With the General Agreement on Tariffs and Trade (GATT) negotiations becoming more and more complex in the 1960s and 1970s, there was a need to formalize the Congress/President partnership on more solid ground. As a result, the "fast track trade authority" was created in 1974, giving the President the necessary powers to engage in and sign the Tokyo Round. The most recent version of this process is the 2002 TPA.

How does the TPA work?

As its original name (fast track) suggests, the TPA represents a quicker way for the U.S. to enter into and implement trade deals. Since Congress has authority over foreign trade, the TPA has Congress giving up some of its prerogatives to make it easier for the President to sign and implement a trade agreement. This is provided that the President meets certain negotiation objectives (as defined and instructed by Congress) and consultation requirements (with Congress).

With the TPA in place, the President, on behalf of the U.S. administration, can negotiate and sign a trade agreement and submit it to Congress, together with the necessary implementing legislation, for expedited consideration. Because of the TPA, Congress cannot change the terms of the deal. With limited floor debates, Congress can vote either in favor or against the whole package, but cannot bring changes. This is how the TPA is a powerful tool in the hands of the President and a guarantee for the international community that the U.S. is a serious player at the negotiating table.

Is the TPA that important?

The U.S. signed trade agreements before 1974 and later on in the 1990s when Congress did not approve a TPA. Therefore, one can say that it is not crucial for the administration to have a TPA in order to sign trade deals. In general, though, this situation works well for agreements that are very narrow in scope.

However, given the complexity of the trade agreements that are negotiated nowadays, covering economic, social, environmental and other aspects (and most importantly, requiring a whole set of implementing legislation), it is hard to imagine that a country would open talks with U.S. if the President did not have a TPA.

In today's reality, the answer is yes, the President absolutely needs TPA for concluding a trade deal, such as the Doha Round.

So, no Doha Deal without TPA?

The answer is both yes and no, depending on what one means by "deal" and, more importantly, depending on the moment when one considers a deal is done.

The first TPA appeared in 1974, allowing the U.S. to participate in the Tokyo Round of negotiations under GATT. After that, the TPA had been renewed in 1979, 1984 and 1988 until 1994. Between 1994 and 2002, the U.S. President did not have a TPA.

It took the launch of the Doha Round in 2001 to build enough pressure for Congress to vote for a new TPA in 2002; it will expire on July 1, 2007. The expiration of this 2002 TPA is the reason so often invoked by negotiators in Geneva as being a deal maker/breaker in the Doha Round.

However, things are not so simple. The mere expiration of the TPA is not going to hold negotiations back, if there are any underway. The 1988 TPA was set to expire in June 1993. That was the 7th year of the Uruguay Round and negotiations were hotter than ever. But because of the progress in these negotiations, Congress agreed to extend the TPA from June 1993 until April 1994, when the Marrakech Agreement establishing the WTO was signed.

At this time, one could argue that, once again, a push is needed to get Congress to extend the TPA: some clear indication that WTO negotiations are leading somewhere, for instance to a trade deal that can be perceived as advantageous for U.S. It is true that Congress has its own agenda for the U.S. trade policy, which can be different and sometimes can even go against the trade agenda of the administration, but it is also true that a serious trade package coming from Geneva would tip the balance in favor of extending the TPA.

It is crucial, if the TPA is going to be extended, to have a deal in the Doha Round, but for negotiations to proceed in Geneva, the TPA's expiration should not be an obstacle. It is more likely that if these negotiations produce a deal, a TPA extension would follow.

What the situation is now in WTO negotiations?

After the winter break, talks resumed once again in Geneva, not so much in a formal way, but rather in small groups of countries meeting

Please see Doha p. 3

Continued from p. 2, Doha . . .
unofficially. Most importantly, there seems to be a serious dialogue between the U.S. and the EU, and many see this as the real sign that talks are finally back on track.

One of 2007's deadlines was to have the modalities completed by the end of March. This deadline seems to have been linked to the U.S. TPA. If Congress is going to consider a trade deal, it must first be notified by the President at least 90 days before signing it. So the real deadline the U.S. has for striking a deal in WTO negotiations is April 1, 2007, in order to have it signed and for Congress to consider the agreement before the July 1st TPA expiration date.

The reality is that an agreement on modalities is not likely going to happen before the end of March. This is why the technical question of expiration/extension of the TPA is no longer so relevant for negotiations. In practical terms, the U.S. administration no longer has any deadlines set by their domestic processes.

Having an expired TPA may put enough pressure on the administration to want to get things done; agree on a deal at WTO, save the face at home and in the world, and claim another victory on the international scene. If this can be done, an extension of the TPA will likely be more of a piece of cake to get.

Remembering Eugene Zagrodney

Many people were saddened to learn that Eugene Zagrodney passed away while travelling to Ottawa on January 7th, 2007. Eugene was a formidable CFC Board Director and friend to chicken farmers across the country.

Eugene was born and raised in Rose Valley, Saskatchewan and attended the University of Saskatchewan in the College of Agriculture before moving to Wadena, SK, where he became a chicken farmer, and served on the local hospital board, volunteer fire department and town mayor. He and his wife, Dianne, returned to Rose Valley to raise chickens, cattle, pigs, horses and grain.

Eugene served for many years on the Board of Directors of the Chicken Farmers of Saskatchewan, as well as the Board of Directors of Chicken Farmers of Canada since 2003. He was also a trusted member of the CFC Executive Committee.

Eugene was known for taking a balanced approach to Board issues and also sought to find solutions that worked for the greater good of the Canadian chicken industry. He made provided objective insights on various issues and contributed greatly to the planning and developing of CFC policies.

Eugene Zagrodney is survived by his wife, Dianne, and his daughters, Ivy and Joni and their families, including Eugene's two grandchildren, of whom he was very proud.

He will be missed by all.

Chicken Trends

Chicken Farmers of Canada is making preparations for its Usage and Attitude Study (U&A). The study, conducted every three years, allows CFC to understand consumers' current behaviours and attitudes when it comes to the consumption of chicken.

The first part of the process involves conducting preliminary focus groups to determine overall direction for the study. The focus groups allow CFC to learn, generally and anecdotally, how consumers plan their meals and where chicken fits in compared to other meal choices. It also provides knowledge about whether consumers are eating more, less, or the same amount of chicken than they have in the past.

Here are some key points from the focus groups:

- Many consumers take time to plan their meals. This is particularly true of those with children in the household.
- Chicken is an important part of all consumers' diets whether these meals are planned ahead or not. Many consider chicken to be a staple food choice (i.e. something they always have on hand and eat quite regularly throughout the week, both at home and when eating out).
- Chicken is consumed an average of 2.5 times per week. Actual consumption is likely higher however, as most participants only specified actual food choices when eating at home, and not what their restaurant choices would be.
- All participants do eat chicken at restaurants, as well as at home.
- The main benefits of chicken are its versatility, health benefits, ease of preparation, universal acceptance, and that it is viewed as relatively inexpensive.
- Only a few people mentioned avian flu as a concern. While most were aware of it, few believed it to be a threat either because they were aware it was not transferred through cooked meat, or because they were confident that their government agencies were ensuring that food sources are safe.

Maple Leaf Plant in Nova Scotia Closes

Maple Leaf Foods will be closing its poultry processing plant in Canard, Nova Scotia at the end of April. This will represent a loss of 380 jobs in the region.

In a statement, Chicken Farmer of Nova Scotia indicated that Maple Leaf Foods met with poultry producers in Nova Scotia and Prince Edward Island to inform them of their decision.

"The potential impact on Nova Scotia's chicken producers has not yet been determined. The plant will continue to operate until the end of April which provides time for decisions and discussion," the statement read.

Chicken Farmers of Nova Scotia has also indicated that its immediate concern is for the employees and families of Maple Leaf Foods and on the effect this will have on them.

"The impact for employees is tremendous and should be where efforts are directed in the near future," the statement went on to explain.

Nova Scotia Premier Rodney MacDonald has pledged to work with the community to assist those whose jobs will be lost as a result of the plant closure.

More information will soon be made available on the impact of the closure. Farmers in the area are committeed to determining next steps. Roughly 35 farmers will be directly touched by this news.

Agriculture Policy – The Next Generation, Round Two

In December, Round One of the Consultation on the next generation of agriculture policy began. CFC was invited to a session on each of the five thematic areas: Renewal, Food Safety and Quality, Environment, Markets and Trade and Innovation and Science. Business Risk Management, a sixth element, was initially intended to be completed by November of 2006, but based on farmer feedback that many changes remained, it was incorporated into the first round of consultations. Round one consultations focused on one theme per meeting and CFC had the following representatives at the meetings:

Dec. 4, Renewal – Yvon Cyr
Dec. 6, Food Safety and Quality – Matthew Harvie
Dec. 11, Environment – Martin Dufresne
Dec. 12, Markets and Trade – David Fuller
Dec. 14, Innovation and Science – Ian Blenkharn
Jan. 16, Business Risk Management – Ian Blenkharn

The participants were all optimistic about the process and felt that their opinions were heard. The question remains whether or not the input will be incorporated into agriculture policy.

Of particular importance to CFC is the area of Business Risk Management, Market Development and Trade and Food Safety and Quality.

The recognition of supply management and its three pillars as effective risk management is key to Business Risk Management, as well as the development of programming to address gaps in coverage for farmers that suffer disasters such as avian influenza.

For Market Development and Trade, CFC wants to ensure that adequate focus is on the domestic market. Profitability for the Canadian agri-food sector begins with healthy sectors on the domestic front. Currently over 70% of Canada's revenue from agriculture and agri-food production comes from the domestic market.

Food Safety remains a critical priority for CFC and with our *Safe, Safer, Safest* program, it important the direction taken by the government complements the work being done by industries. Government has an important role to play in this area, particularly in assisting with the development of a comprehensive animal health strategy that would move from ad-hoc programming to a consistent and comprehensive manner of dealing with health concerns such as avian influenza and BSE.

The government has now launched Round Two, which is a cross-Canada consultation, with meetings in each province, designed to target the public audience. CFC's directors and alternates attended sessions in their province, along with other provincial representatives, in order to carry the industry message forward. The third and final round, which will occur in March, will again be by invitation only for a small group of industry stakeholders. CFC anticipates being a part of the final round.

Round two consultations schedule:

British Columbia	
Jan. 22	Prince George
Jan. 24	Fort St. John
Jan. 25	Vancouver area
Jan. 26	Kelowna
Alberta	
Jan. 29	Grande Prairie
Jan. 31	Wainwright
Feb. 1	Red Deer
Feb. 2	Lethbridge
Saskatchewan	
Feb. 5	Swift Current
Feb. 6	Regina
Feb. 7	Yorkton
Feb. 9	North Battleford
Manitoba	
Feb. 12	Dauphin
Feb. 14	Winnipeg
Feb. 16	Brandon
Ontario	
Feb. 6	Sudbury
Feb. 9	Kemptville
Feb. 13	Belleville
Feb. 15	Ridgetown
Feb. 16	Woodstock
Feb. 26	Toronto
Quebec	
Feb. 8	St-Hyacinthe
PEI	
Feb. 19	Charlottetown
New Brunswick	
Feb. 21	Perth-Andover
Feb. 23	Moncton
Nova Scotia	
Feb. 20	Truro
Feb. 23	Kentville
Newfoundland & Labrador	
Jan. 29	Cornerbrook
Jan. 31	St. John's

CFC Address:
1007-350 Sparks Street
Ottawa, ON K1R 7S8
Tel: 613-241-2800
Fax: 613-241-5999
www.chicken.ca

Editor:
Marty Brett
mbrett@chicken.ca
613-566-5926

Designer/Graphics:
Marie Murphy
mmurphy@chicken.ca
613-566-5910