



THE CHICKEN FARMER

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SLOW START IN WTO NEGOTIATIONS, BUT STOCK-TAKING MEETING REMAINS ON THE RADAR

At the WTO General Council gathering on February 22nd, Pascal Lamy, WTO Director General, confirmed that indeed, the stock-taking meeting at the end of March would take place as planned, despite recent fears that slow progress would push the event into the summer or cancel it altogether.

“Given where we are, I believe the stock-taking provides an important opportunity to inject the political energy and momentum in the negotiations so that we can hopefully chart the path for cracking the remaining nuts”, said Lamy before the WTO membership.

The proposed exercise is meant to assess whether the eight-year-old trade talks can be brought to a conclusion before the end of 2010, an outcome that many trade officials say is increasingly unlikely. The stock-taking is scheduled for March 29-30.

At the same General Council meeting, another controversy surrounding the stock-taking was clarified: the question of whether participation in the event to be required at ministerial level, or if the senior officials’ level would suffice. Most countries have been suggesting that ministerial involvement was not necessary at this point, given that negotiations had not advanced much on substance issues over the past several weeks. Indeed, Lamy confirmed: “I believe that this exercise is best undertaken by Senior Officials at this stage”.

With this process put in place and confirmed, WTO Members would continue doing during the month of March what they have been doing in February, namely hold formal and informal consultations in the three major negotiating areas: NAMA (industrial goods), services and agriculture. Nobody expects any real progress in March, just as none was achieved in February.

The agriculture talks have been largely treading water. Delegates have only discussed issues of controversy in informal consultations with the chair of the negotiations, Ambassador David Walker of New Zealand. The touchiest subjects have not been tackled in any formal meetings. Official talks have largely centered on one single controversial issue: the technicalities of the Special Safeguard Mechanism (the SSM), a tool that would allow developing countries to raise tariffs to protect domestic producers from import surges

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**FOR A WEEKLY UPDATE
ON THE WTO TRADE
NEGOTIATIONS, VISIT
THE CFC WEBSITE AT:
WWW.CHICKEN.CA
AND CLICK ON
GENEVA WATCH.**



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and price depressions. Some delegates have even complained that new demands on the SSM put forward by the G33 group of developing countries have actually taken the talks backwards, not forwards.

The negotiating committee on industrial goods, which met during the first week of February, narrowed some gaps in Members' views on non-tariff barriers to trade, but negotiators completely sidestepped the main area of contention in the talks: whether participation in sector-wide tariff-cutting deals should be voluntary or mandatory.

Meanwhile, the negotiations on services liberalization apparently saw "no movement" at all, according to some sources close to the talks. Even the talks on trade facilitation moved at a glacial pace during a first official meeting of 2010. There was not much advancement during the week of talks that began on February 8 since so many "brackets", or areas of divergence, existed in the negotiating text.

All along the way, many fingers have been pointed at the U.S. as being the main drag on the whole process, given the lack of involvement in foreign trade matters by the Obama administration. However, after one full year being dedicated to domestic issues, there are signs that the Americans will finally turn their face back to the world and become more active in the Doha Round.

At the same, the Europeans show a strong interest in completing the Round as quickly as possible. The EU recently inaugurated a new Commission for a 5-year term, and names a new Trade Commissioner, in the person of Karel de Gucht, a Belgian national, who made his first official trip abroad to Geneva to meet Lamy and discuss the future of the negotiations.

It may be an indicator that the March stock-taking will turn into a more serious event than anyone had anticipated.

EU FARM SUBSIDIES REFORM ONGOING

New subsidy figures from the EU show a sharp increase in total support levels, to over €90 billion in the 2006/2007 marketing year – despite a drop in "amber" payments (those considered as trade-distorting).

The latest official notification to the WTO shows that total EU support levels have returned to levels not seen since the previous decade, with €90.7 billion of support being reported for 2006/2007 – up from €75.6 billion in 2002, when support was at its lowest level in the last fifteen years.

The most trade-distorting payments, classified as the "amber box" at the WTO, are however at a historical low, with the EU reporting only €26.6 billion under this category. Amber box payments have been falling steadily and now stand at about half the level they were at a decade ago.

The sharpest decline in the latest figures was observed in the "blue box" category of production-limiting payments, which have dropped to €5.7 billion from €27.2 billion in 2004/2005. While still considered to be trade-distorting at the WTO, blue box payments are generally seen as less damaging than amber box support.

However, despite these positive trends, the drop in trade-distorting support has been more than compensated for by an increase in "green box" payments, which are meant to have no, or at most minimal, effects on trade or production. These have increased to €56.5 billion, about double the 2004/2005 levels.

The dramatic changes in the structure of EU subsidies reflect the gradual implementation of the most recent reforms to the bloc's Common Agricultural Policy (CAP). The 2003 reforms continued a process of "decoupling" farm support from production – leading to a shift away from trade-distorting to "green" support in the EU's notifications to the WTO.

The latest draft agreement tabled under the Doha Round of trade talks would establish a new €22 billion ceiling for the EU's overall trade-distorting support (OTDS) – composed largely of its amber box and blue box spending. Although the latest notification suggests that the EU's OTDS was as high as €34 billion in 2006/2007, ongoing CAP reforms are expected to reduce this figure to close to the proposed ceiling by the time the new OTDS cap would actually apply.

Exporting countries have expressed concern in Geneva about the growth in the EU's green box subsidies, with one delegate noting warily that these payments "appear to be providing an awful lot of support to the farming community." **CF**





News from the Hill

The Canadian Federation of Agriculture held its 75th Annual General Meeting from February 22–24.

The theme of the meeting was “The Future of Food”. As usual, the first day consisted of committee meetings followed by a two-day board meeting which included presentations by the Honorable Gerry Ritz, Minister of Agriculture and Agri-Food, Gilles Duceppe, Leader of the Bloc Québécois, and the Honourable Ralph Goodale, House Leader of the Official Opposition.

Minister Ritz took the opportunity to highlight what the Conservative government has done so far for agriculture and what it is committed to for the future. He also reaffirmed the commitment of support for supply management. The Minister also announced a new Farm Credit Canada (FCC) energy loan that will help farmers make investments on-farm energy sources like biogas, geo-thermal, wind or solar power.

After that, there was a panel discussion on “The Key Factors in an Effective National Lobby”. The participants were Senator Hugh Segal, David Herle, nationally recognized communications specialist with the Gandalf Group, and Evan Solomon, CBC Television broadcaster, journalist and author. The three presented their views on how agriculture is perceived and what it needs to do in order to gain the attention of government. The common theme running throughout all three presentations was that agriculture needs to reframe the picture and tell a better story of what their needs are. Linked to this was the perspective that farmers should not wait for government to come to them with policy, but instead develop it and take it to government.

Right in line with this thinking was the discussion at the meeting surrounding the development of a National Food Strategy. From the perspective of CFA’s President, Laurent Pellerin, we need to plan for the future in order to ensure that farming and food production remain a part of Canada’s future. A working group was established a few months ago and they will continue to develop the strategy over the course of the year. According to Garnett Etsell, CFA 2nd Vice-President, Canadian agriculture needs this strategy to build a future. To date, most of Canada’s policies or programs have been “a myriad of disjointed policies and programs... with no particular objective, vision or stated intention.”

The purpose behind CFA’s initiative is to develop a strategy that will focus on sustainable agriculture for Canadians and creating a demand for high-quality Canadian products. In order to increase the effectiveness of the strategy, CFA will collaborate with all levels of government, food processors, food distributors and consumers.

ON THE HILL

On March 3rd, Parliament returned from being prorogued and began the 3rd session of the 40th Parliament. Here is an excerpt from the Throne speech, as delivered by Governor General Michaëlle Jean:

“Finally, our strategy for the economy must create the conditions for continued success in the industries that are the foundation for Canada’s prosperity and support thousands of communities, both rural and urban.

- > Our Government will partner with the forest industry to enter new markets and deploy new technologies, while respecting the Softwood Lumber Agreement with the United States.
- > It will introduce new legislation to reform Canada’s outdated system of fisheries management.
- > It will take steps to support a competitive livestock industry and pursue market access for agricultural products. Our Government will also ensure the freedom of choice for which Western barley farmers overwhelmingly voted, and it will continue to defend supply management of dairy and poultry products.” **CF**

POULTRY'S POWERFUL PRESENCE

Asian chicken is at the top of its game on Canadian menus. Asian chicken entrées can feature a variety of sauces and spices, including teriyaki, sweet and sour or orange glaze.



In addition to being the most commonly ordered chicken entrée, the 119 Asian poultry dishes on the Top 250 Canadian menus reflect consumer preferences for increased ethnic options and bolder flavour profiles.

FRIED IS NO LONGER HOT

Fried chicken makes an appearance only 19 times on Top 250 Canadian menus, a considerably lower number than the 89 grilled-chicken entrées listed. Its relatively rare showing on menus indicates a preference for 'better-for-you' foods and preparation styles such as grilled, baked and sautéed.

BITS AND BITES


Chicken strips, nuggets and wings are also plentiful on Canadian menus. Smaller, bite-sized foods such as these allow consumers to satisfy their cravings while controlling portion size. Chicken wings have seen tremendous growth in the United States, indicating the number of offerings in Canada will likely proliferate similarly over the next few years.

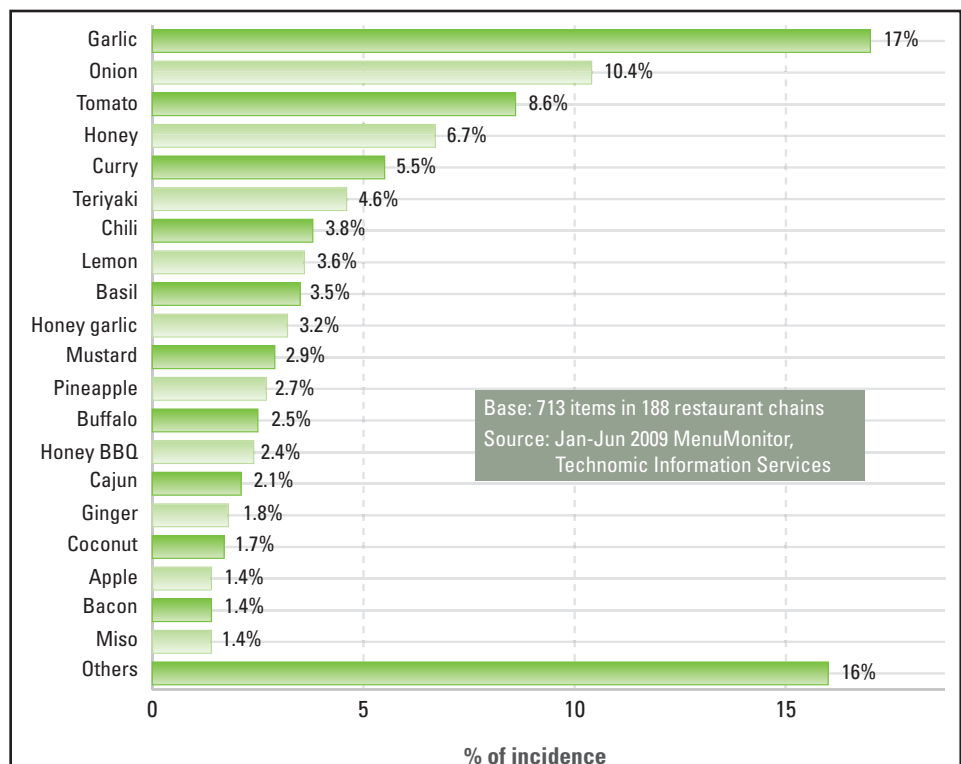
TOP CHICKEN ENTRÉES (# OF ITEMS)	
ASIAN CHICKEN	119
GRILLED CHICKEN	89
CHICKEN STRIPS/NUGGETS	86
WINGS/BUFFALO WINGS	48
MIXED CHICKEN/PIECES	44
CHICKEN PARMESAN	29
FRIED CHICKEN	19
CHICKEN MARSALA	11

FAVOURITE FLAVOURS

According to Technomic's MenuMonitor data, garlic chicken is the item that appears on menus most frequently for chicken entrées, followed by onion and tomato. Newer fruit flavours, such as lemon, pineapple and coconut, are also appearing as operators look for ways to differentiate their chicken entrées from those of competitors. Fruit flavours can add a sweetness or tartness to chicken for a perceived 'health halo,' making these entrées more appealing to health-conscious consumers.

SPICE IS NICE

The list of Top 250 chicken entrée flavours also reveals a trend toward using ethnic spices and sauces. Curry appeared in 5.5% of Top 250 chicken entrées, followed by teriyaki at 4.6%. Cajun and Buffalo flavours, both of which are strong and spicy, appear in just over 2% of chicken entrées. These flavours represent a growth area for operators wanting to add spice to chicken dishes. 



CFC: This was originally published online by www.crfca.ca.

Understanding consumer behaviours is tremendously helpful for us in learning how Canadians view chicken and what we can do to keep their high level of trust.

POULTRY RESEARCH UPDATE

The Canadian Poultry Research Council (CPRC) was established in 2001 by the five national poultry organizations in Canada. CPRC's mandate is to create and implement programs for poultry research and development that address specific industry needs.

Thirteen research projects funded by CPRC have been completed. Outlined below is a summary of one of those research projects. Additional project summaries are available on the CPRC website (www.cp-rc.ca), in *Canadian Poultry Magazine* and in other editions of *The Chicken Farmer*.

CAN WE IMMUNIZE BROILER CHICKENS AGAINST NECROTIC ENTERITIS?

Principal investigator:

John Prescott, University of Guelph

Start date: September 2006

Final report received: December, 2009

Total project funding: \$96,813 (\$33,981 CPRC, \$62,832 Natural Sciences and Engineering Research Council of Canada (NSERC)/Agriculture and Agri-Food Canada (AAFC))

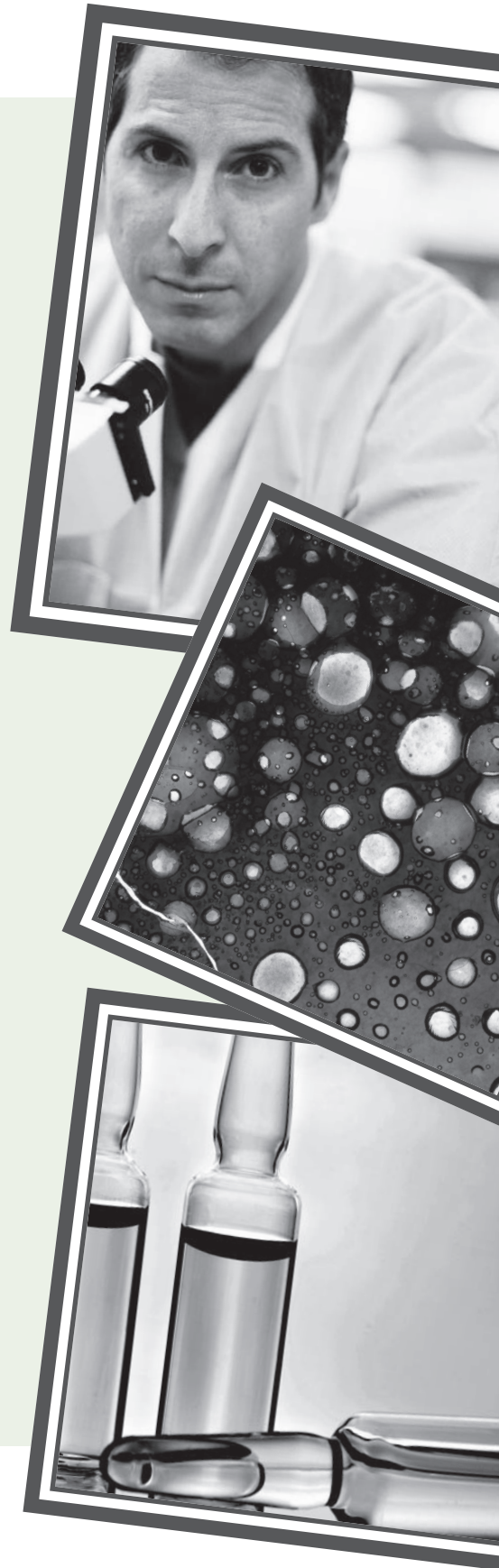
Background

Necrotic enteritis (NE) is a common disease of broiler chickens caused by the bacterium *Clostridium perfringens* which produces toxins that damage gut tissues. If the bacterium is allowed to proliferate unchecked, the damage can impair nutrient absorption and in some cases open the door to other gut infections such as *Coccidiosis*. A NE-affected flock may suffer from increased mortality, but often "sub-clinical" cases don't present any signs other than reduced flock performance. Without obvious signs, these cases often go unnoticed and are therefore left untreated. Reduced performance, increased mortality and correlation with other diseases add up to significant losses for the industry, with some estimates as high as \$2 billion a year globally.

Current Research:

NE is currently controlled with antibiotics; however increasing concern over antibiotic resistance is putting pressure on the industry to find alternative methods of disease control. The purpose of this research was thus to identify antigens that can be used to immunize chickens effectively against necrotic enteritis, and to use this information to make an easily administered vaccine.

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Necrotic enteritis is currently controlled with antibiotics; however increasing concern over antibiotic resistance is putting pressure on the industry to find alternative methods of disease control.

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The first part of this research focused on immunity to NE. Despite its prevalence, there is relatively little known about immunity to NE. Dr. Prescott's team has made significant advances in understanding of the subject. They first showed that it is possible to confer resistance to NE by oral infection with virulent strains of *C. perfringens*. "Virulent" strains are those capable of producing disease. A number of proteins secreted by these strains were shown to elicit immune reactions. Among these proteins were alpha-toxin (AT) and others which are given the short names FBA, GPD, HP and PFOR. Intramuscular immunization with these proteins revealed all could protect birds from mild challenge. AT, HP and PFOR could protect against more severe challenge. Alpha toxin has historically been considered in the literature as the most important factor causing NE. However, more recent work from around the world is casting some doubt on the importance of its role in causing disease. Dr. Prescott's work further suggests that certain secreted proteins, in addition to AT, are involved in immunity to NE.

The second part of this research involved developing a NE vaccine that could deliver one or more of these proteins, or at least fragments of the proteins that elicit an immune response. They reasoned that an effective NE vaccine would deliver these protein fragments or "antigens" directly into the intestine. There are existing *Salmonella* vaccines that do just that. Dr. Prescott decided to start with one of these vaccines and modify it so it could confer resistance to *Clostridia* in addition to *Salmonella*. A number of such vaccine vectors were constructed and tested.

Salmonella vaccines expressing FBA and HP were able to protect chickens from NE challenge. These chickens produced antibodies to antigens from both *Salmonella* and *Clostridia*. Dr. Prescott's team wanted to increase the level of protection and also wanted to test a vaccine that expressed AT. The researchers made a number of modifications to the vaccine system. They fine-tuned the protein fragments expressed by the vaccine, increased the production levels of the antigens and changed the backbone of the vaccine vector. Disappointingly, the modified AT vaccine only protected birds from moderate challenge. The HP-based vaccine protected them from more severe challenge, but protection levels were not as good as in previous experiments. Neither protected birds from *Salmonella* infection. Further studies showed the genetic modifications weakened the vaccine strain rendering it less effective.

These results revealed important information on vaccine design. Dr. Prescott's team is now using this information to better define the parameters for development of a successful NE vaccine based on improved *Salmonella* vaccine carriers that can also deliver other antigens. A successful multivalent vaccine approach such as this will have significant impact on both food safety and poultry health. **CF**

UPDATE ON FOOD SAFETY ISSUES

Chicken Farmers of Canada continues to work on several ongoing food safety initiatives, policies and programs with our industry stakeholders and the federal government. Here is an update.

CANADIAN NOTIFIABLE AVIAN INFLUENZA SURVEILLANCE SYSTEM

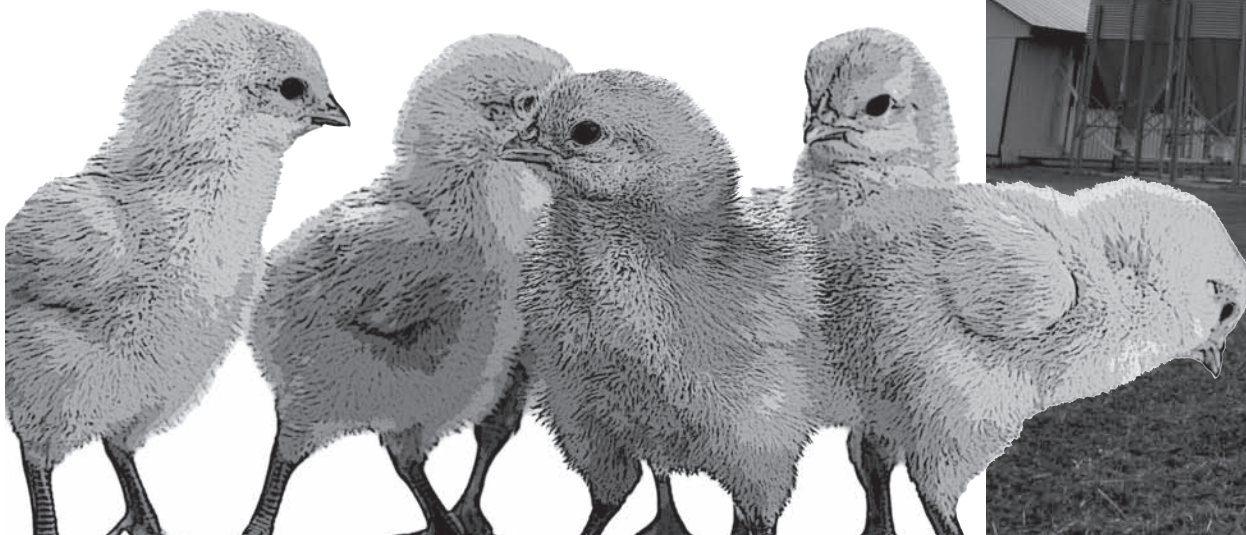
The Canadian Food Inspection Agency (CFIA) continues surveillance for the avian influenza through the Canadian Notifiable Avian Influenza Surveillance System (CanNAISS). CanNAISS is a joint initiative of government, industry, and Canadian farmers to prevent, detect and eliminate the presence of H5 and H7 subtypes of notifiable avian influenza in Canada's domestic poultry flocks.

CanNAISS is a surveillance system that was initiated in 2008 and combines both passive and active surveillance. The production types being targeted by this surveillance program are chickens for meat (≥ 3.7 kg and/or 50 days old and over), chicken breeding flocks, spent laying hens and turkey populations (meat-type and breeders).

Broilers are not included as part of the sampling plan due to their limited epidemiological significance. The 2009 surveillance program tested a total of 311 poultry farms (31 of these were roaster farms) – all of which resulted in negative test results.

CanNAISS is designed to meet notifiable avian influenza guidelines from the World Organisation for Animal Health (OIE) and trade requirements from the European Union. Avian influenza surveillance will continue in 2010, and it is expected that commercial ducks, geese, and other poultry categories will be added to this list of targeted species.

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HEALTH OF ANIMALS ACT COMPENSATION MODEL

In the aftermath of the 2009 notifiable avian influenza case in British Columbia, Gerry Ritz, the Minister of Agriculture and Agri-Food (AAFC), directed the CFIA to re-examine the compensation models and maximums assigned to poultry.

CFC was appreciative of this directive and has been working with AAFC and CFIA on refining the model.

CFC will continue to work on this file to ensure that the model information is up-to-date and that the variable and fixed costs are accounted for at the appropriate time during the grow-out to ensure the appropriate calculation of market value. The objective is to finalize this work in the coming months.

ANTIMICROBIAL RESISTANCE SURVEILLANCE

CFC is working with the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada (PHAC) to develop an on-farm antimicrobial resistance (AMR) surveillance program.

The on-farm component will complement already existing surveillance programs operating at both the processing and retail levels. The objectives of the on-farm AMR surveillance program include understanding hatchery and farm antimicrobial use and resistance levels, investigating trends in antimicrobial use and resistance, and providing data to industry to help support science-based decisions to reduce AMR.

A government-industry working group, which includes farmers, hatcheries, processors and veterinarians, has been established to develop the surveillance protocol. The work of this group is expected to conclude by the end of the year; implementation will be dependent upon operational logistics and funding.

NATIONAL FARMED ANIMAL HEALTH AND WELFARE STRATEGY


Federal and provincial governments, in conjunction with industry members, have been working to develop a better approach to animal health issues in Canada. Currently, animal health issues are often dealt with on an ad-hoc basis. The varying levels of municipal, provincial and federal governments that have jurisdiction over animal health and welfare, in addition to the roles of industry, often result in a fragmented approach.

The National Farmed Animal Health & Welfare (NFAHW) strategy proposes a new, collaborative council shared between governments, industry and stakeholders to address animal health and welfare issues. The NFAHW council will be designed to provide scientific, strategic and policy advice and recommendations to the federal/provincial/territorial Assistant Deputy Ministers, Deputy Ministers and Ministers. As an advisory body, the council would have no decision-making authority, and would not be operational in nature.

The request for support for this advisory council is currently before industry and government bodies.

AVIAN BIOSECURITY ADVISORY COUNCIL

CFIA has led the development of national biosecurity codes for poultry. Through the Avian Biosecurity Council (ABAC), government and industry have developed a set of voluntary national standards for on-farm biosecurity. Farmers may have already seen a copy of these standards, as they were circulated with a recent edition of *Canadian Poultry Magazine*.

Chicken Farmers of Canada has taken these standards and have incorporated them into the On-Farm Food Safety Assurance Program; the revised 2009 edition of the manual includes these components. As per the implementation timeframe communicated with the manual, all farmers must be implementing the new edition of the manual by March 28, 2010 and this will be evaluated during the next audit. 

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