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national farmers union

In Union Is Strength

FOR IMMEDIATE RELEASE

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NFU CALLS FOR ACTION TO CURB RISING IMPORTS OF MILK INGREDIENTS

A sharp rise in unregulated imports of milk components poses a serious threat to Canada's supply-management system for dairy, according to the President of the National Farmers Union (NFU).

In a letter to federal Agriculture Minister Andy Mitchell, NFU President Stewart Wells called on the federal government to curb the rising flood of imported milk ingredients; specifically milk protein products (casein and caseinates) and butteroil blends. He said Canada has the ability, under Section 28 of the World Trade Organization's General Agreement on Tariffs and Trade (GATT), to impose new tariff-rate quotas (TRQs) on milk ingredients. These TRQs would place a cap on the amount of imported milk ingredients allowed into Canada.

The NFU supports the initiatives of the Dairy Farmers of Canada (DFC) to educate farmers, consumers and government on the dangers of unrestricted imports of milk ingredients.

Wells pointed out the supply-management system for dairy works well in Canada. "This national program is based on three pillars: production discipline, import controls and producer pricing (cost of production)," said Wells. "These three pillars are essential for maintaining fair market shares and fair prices for farmers, manufacturers and consumers. We believe that undermining any one of these three pillars places the entire system at risk."

Unrestricted importation of milk ingredients undermines Canada's ability to regulate dairy production and prices, because manufacturers are able to substitute these imports rather than utilize Canadian milk products. Over the past year, the Canadian ice cream industry has experienced a 48 percent rise in imported butteroil and other milk ingredients. These ingredients have now displaced 50% of the milk for the ice cream market in Canada. Eventually, the use of imported milk ingredients could displace Canadian milk in the manufacture of cheese, which represents 36% of Canadian milk utilization.

By allowing unrestricted imports of milk protein, the federal government is also contributing to the growing surplus of milk protein in Canada. Farmers are responsible for managing overall protein levels, so higher surpluses result in lower blend returns for farmers.

Under supply-management, farmers are able to earn better returns from the marketplace, and therefore do not require assistance through farm safety net programs. That is another important reason why the supply-management system should be protected, concluded Wells.

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