



Is Supply Management being groomed for sacrifice on the altar of trade?

- by Cathy Holtslander, NFU Director of Research

Agriculture Minister Gerry Ritz's aggressive approach to getting Bill C-18 passed in order to provide purchasing freedom to the multinational grain corporations rings loud alarm bells for the supply managed sectors, currently Canada's largest remaining farmer-controlled economic institution.

The day after Bill C-18 was given Royal Assent in Canada, Trade Minister Ed Fast was at the World Trade Organization (WTO) ministerial meeting in Geneva where he said "Our stand against protectionism is based on principle, because we know that protectionism kills innovation, entrepreneurship and opportunity, and ultimately the jobs that put food on Canadian tables. In these tough economic times, we must stand firmly against measures that restrict trade, and roll back those already in place." He also signed an international "Pledge Against Protectionism" during this meeting, saying "In these uncertain times, protectionism is poisonous to our efforts to create jobs and economic growth..."

Even though Canada's supply management system is being demonized as protectionist by opponents within and outside our borders, all industrialized countries each have some kind of system to mitigate the instability inherent in marketing perishable commodities.

Supply management can be undermined by attacking any one of its three "pillars" – import controls, domestic production controls, or the cost of production pricing mechanism. Different interests opposed to supply management have different priorities, however they seem to agree that an incremental approach will be necessary, because supply management has a high degree of public support, particularly in vote-rich Ontario and Quebec.

In late summer and fall 2011 there was a burst of media articles repeating anti-supply management sentiments. At the same time, the restaurant industry launched a public campaign against dairy supply management. Meanwhile, Canada was doing a dance on the world stage in regard to the Trans Pacific Partnership (TPP) trade agreement and whether supply management would be up for negotiation or not. There is an obvious public relations campaign being waged, as well as more subtle pressures being steadily exerted behind closed doors.

The largest scale attack is in the arena of multilateral trade agreements, including the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the WTO and the TPP. Canada is also negotiating a bilateral trade agreement with India, and initiating one with Japan. Canada's negotiators are being very "ambitious" – which means offering up a lot to in hopes of getting a lot in return. All these negotiations include aspects of agriculture and are done behind closed doors. Details are not made public until after the deals are signed.

In CETA negotiations the European Union has stated that it would like to sell us more cheese, and of course to do that the tariff barrier on dairy products would have to be lowered. Our government would like to reduce tariffs in general, and has made its elimination of tariffs on 1800 tariff lines a point of pride. At the recent annual meeting of Alberta Beef Producers, a large feedlot owner was calling for a re-examination of Canada's tariffs in relation to supply management as bargaining chip to offer in order to increase market access for beef. While the resolution that the organization passed simply asked for discussion between the national beef and the supply managed sectors, it is unfortunate that a lack of solidarity could provide an opening for the opponents of supply management.

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In September 2011 during the Cairns Group meeting in Saskatoon, New Zealand said categorically that it would be opposed to Canada's involvement in the TPP unless supply management was eliminated. The USA was also opposed, apparently for the same reason. Then, Canada said that supply management was not going to be touched. Later at November's Asia Pacific Economic Co-operation (APEC) summit Prime Minister Harper indicated both that the USA had changed its position and now would welcome Canada's participation. He also said that in relation to the TPP, everything was on the table. Clearly there has been a softening of Canada's position.

The Cairns Group, which is made up of 19 countries that promote liberalized trade in agriculture, is also calling for another go at the Doha Round of the WTO. It has been stalled for months and many believe it will ultimately fail, largely because countries from the global south will not permit the deeper intrusion into their agricultural economies that industrialized countries are seeking. The Cairns Group wants to keep at it, and has explicitly said that a key to achieving a new agreement will be to significantly reduce protectionism in agriculture. Supply management is in its sights.

Within Canada, the Restaurant and Food Services Association has launched a campaign to undermine supply management in dairy. It has created an "Astroturf" web and social media presence under the banner "Free Your Milk". While the association's main goal seems to be increasing access to cheap mozzarella cheese to help take-out pizza compete with store-bought frozen pizza, it is trying to get public support for revisiting the whole system by feigning concern about the impact of grocery store milk prices on low income families.

Several companies, including Nesle, Kraft, Saputo, Janes Family Foods and Maple Leaf, as well as industry associations Canadian Agri-Food Trade Alliance, Canadian Poultry and Egg Processors Council and the Canadian Restaurant and Food Services Association, have registered lobbyists in Ottawa who are trying to influence policy, legislation and regulations concerning supply management. They are targeting trade policy and trade liberalization in general, WTO and bilateral trade agreements pertaining to food products, temporary import quotas, supplementary import permits, harmonization of regulations between US and Canada, rules concerning import of concentrated milk proteins and other milk ingredients, compositional standards for cheese, dairy pricing, egg quota and pricing of eggs for processing, and import for re-export controls for chicken.

Right wing think tanks, including the Conference Board of Canada, the C D Howe Institute and the Fraser Institute have each published papers recently which attack supply management. They are clearly playing a political role by providing quasi-academic cover for corporations seeking to benefit from the destruction of supply management. The recommendations from these think tanks reappear in op eds and articles in magazines such as MacLeans and newspapers such as the National Post and the Globe and Mail, and also as talking points for speakers and politicians who are trying to manufacture consent for the anti-supply management agenda.

As NFU members we will need to keep our eyes open to the various large and small, internal and external attacks being launched against supply management. We should be prepared to respond quickly and appropriately, especially if the PR battle in the media heats up.

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When you hear the following inane, fallacious or contradictory statements, you are likely being targeted by a PR campaign funded by lobby groups and backed by "research" done by a right wing think tank:

- Supply Management is 40 years old – it's time for a change!
- Dairy, egg and poultry farmers make too much money compared to other farmers.
- The loss of dairy, egg and/or poultry farms is caused by the supply management system.
- Quota allocation prevents the most competitive farms from getting bigger.
- 13,000 dairy farmers should not be standing in the way of trade deals that will bring global trade opportunities, especially with India and China
- Supply management is responsible for high prices in the grocery store and reduces demand for dairy products.
- Import restrictions are so severe that each Canadian is only allowed one teaspoon of imported yogurt per year!
- Supply management is unfair to food processors because they can only use what is produced by Canadian farmers.

Grazing Days Farm: Local Grass-Fed Beef in Ottawa

- by Paul Slomp, NFU Youth Vice President

It is not very often that you get a chance to set up a farm from scratch. I was at the NFU Youth meeting in Tatamagouche, Nova Scotia in late February 2010 when I firmly decided that I wanted to farm full time. I had some experience. I had grown up on a dairy farm in Alberta, was familiar with grazing cattle, and I had \$10 000 to my name. I had watched farmers struggle with the stress of heavy debt loads and margins that were mediocre at best. I was firmly committed to not going into deeper debt than I could pay off within a year or two at an off-farm job. I had also worked on municipal food policy issues in Ottawa for a year. I knew that most eaters in Ottawa who are excited about eating local food, and eat meat. But, most don't have the need, nor the storage space, for large quantities of beef. Moreover, most have no way getting beef directly from farms throughout the winter months. It was with these initial thoughts and resources that I set to work.

Within two weeks I had drafted a business plan for a grass-fed beef CSA (Community Shared Agriculture). I would purchase 1 year old heifers in the spring, graze them for the summer and fall, have them butchered, store the beef, package the beef into similar (but different) boxes of ten pounds each, and deliver it to households throughout the Ottawa area. I would start out with about thirteen head in my first year (I would recover my costs, and learn what I needed to learn) and start making money in my second year, when I doubled my herd to thirty. The plan was fool-proof on paper, but making it a reality was a different story...

Obstacle 1: Finding Land

March 15th, 2010. I had a business plan for a farm, but I had no idea on what land I was going to farm. I needed to find land fast if I was going to still farm this season, but there were a number of restrictions. First, there needed to be some existing pasture and room to expand for the second and third grazing seasons. Second, I needed to be close to my market in Ottawa. I preferably had to be within thirty kilometers of downtown, as I wanted to try to do this with-out owning a vehicle. Also, the margins were too tight to be able to afford a vehicle, so a bicycle would have to suffice. Third, I wanted a land owner who supported my vision for what I wanted to do with the land, and also allow me the autonomy to figure out how I needed to make it all work.

I visited a number of different farms, and ultimately I ended up signing a three year lease on a 75 acre (65 arable, 10 bush) property owned by four siblings who were quite excited about my plans. It was word of mouth that helped me find the property. By March 31st, 2010, I had signed a lease and was busy preparing fences and making arrangements for water.

Obstacle 2: Finding Finance

I had \$10 000 to my name, but I also needed to feed and house myself. I decided that it would be best to find money to start the farm and use my savings to look after myself. I was starting to pre-sell beef boxes to help me finance the purchase of cattle, but I needed to find \$10,000, and fast, to help me purchase the cattle.

One visit to the local credit union helped me realize that I was not going to get any money from a bank. They said "Come back when you have been operating for two years and then we'll talk..." Thanks...

Some quick thinking and a beer with a lawyer friend led to the creation of 20 bond-like contracts that allowed me to receive investment from friends and eaters, in increments of \$500 at 4% interest. By the 1st week in May, I had raised \$10,000 from this bond-like investment, which added to the money raised by pre-selling beef. That money helped me purchase my first 14 head of cattle, and pay for my year's rent, fence, and water point improvements.

Obstacle 3: Storing the Beef

The farm land I rent does not have any buildings on it. It makes it very difficult to find a place to store beef. After a conversation with a neighbour, he offered to let me put a number of chest freezers in his abandoned barn if I wanted. But, I also had a lead on bulk storage in a freezer warehouse. I decided to crunch the numbers and realized it would have taken me eleven years to recoup the cost of buying freezers and paying for electricity, as opposed to renting warehouse freezer space. I decided to go with the warehouse freezer because it is closer to where the bulk of my eaters live, and that way, I don't carry the risk of freezer or power failure.

Obstacle 4: Beef Delivery

Although I offer a delivery service, the farm really cannot afford to own a vehicle and its related maintenance and operating costs. Through careful route planning, communication with people receiving the delivery, and amazing free route planning on the internet

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(*Grazing Days Farm*, from page 3)

(www.mapquest.ca/routeplanner), I am able to squeeze all of my deliveries into a weekend. Since the goods I am delivering are frozen, I keep my delivery routes short, and can rent a small vehicle for as little as \$10 per weekend day through Enterprise Rent-a-Car.

Obstacle 5: Making a Living Farming

It is now December of 2011. I have gone through two grazing cycles, and am in the middle of this year's beef deliveries. I managed to raise and sell beef from thirty head of cattle this year and am looking to raise forty next year. At that point I will max out my production on the current land that I am renting.

All in all, I feel pretty good about what *Grazing Days Farm* has become. The farm feeds me and some two hundred households throughout Ottawa. The truth of the matter though, is that despite the "success" of *Grazing Days* so far, I am still not sure if I can overcome this obstacle and actually make a living farming.

I charge a "grass-fed" and "non-certified organic" premium on the beef that I sell. With that I manage to profit (or pay myself) \$500 per animal that I raise. I am limited, however, by the ceiling on how high those premiums can go and by the amount of time needed to run this business. Beef prices in the store are still too low, and if my prices go too high, I will lose customers. On the other hand, the ability for one person to raise, market, package, and distribute (in 10lb boxes) more than forty animals is also limited. With forty animals, I can take home \$20,000, which is nice, but does that support a family?

I have had the opportunity to set up a farm from scratch and I have learned a lot. I have focused on keeping as much control as I possibly can, in my own hands. In terms of the farm financing and marketing of my product, it has been a lot of work and I think it has paid off in that I can support myself from the farm. The verdict is still out, however, on whether it is possible to support a family from a farm like mine. I am committed to finding out, and if possible, making it work. —nfu—

Our journey—food, health, culture and community

—by Kathleen Charpentier, NFU Women's Vice President

It is with awe and enthusiasm that I read *Food Down the Road*, the NFU Local 316 publication. I feel like I belong out there with all of the shakers and movers of local food in Ontario. The whole newspaper fills me with inspiration!

But alas, my farm, and the love for the land is out on the short grass prairie in East Central Alberta. We have marginal soil, marginal rainfall, and our area is very depopulated. All that said, my husband, Richard Griebel, and I have been able to raise four children (with no other income other than farming) and have a pleasant and humble lifestyle. We have certainly evolved over the last thirty years from cropping, to operating a feedlot, to grazing under the principals of Holistic Management (running cow/calf and yearling operation). We were concerned about our soil and low stress livestock handling, but had never given a thought to the "quality of the meat we raised". Then the light came on about twelve years ago after becoming involved with the Weston A Price Foundation. It felt like we were slapped on the side of head by a 2X4!

The whole lens through which we viewed farming, changed. We were no longer commodity producers or part of the cattle industry. We were in agriculture. We focused on the culture around our farming practices. One of the remarkable differences we experienced was the fun. We connected with the people buying from us and this relationship marketing changed our world. Off of our farm we sell our meat to about 150 families. This includes beef, lamb, pork, and chicken. Our farm is a success. We have a new farmer, Blake Hall, joining us and in January, our son Ian is coming back to farm.

The opportunity for farmers to produce good, clean, and fair food is happening in Alberta and as the eater becomes more educated, the demand for properly raised food increases. Right now that market is expanding rapidly.

Personally, Richard and I are involved with Slow Food International (attended Terra Madre in 2006 and 2008) and are chapter leaders for the Weston A Price Foundation. Check out the Alberta Rural Sustainable Agricultural Network (ARSAN) and Growing Food Security in Alberta (GFSA) on the web.

Our involvement in the NFU has helped us significantly on our journey, because of the level of conversation, debate, and commitment to farmers. United we stand as Canadian's to nurture food sovereignty, our beautiful Mother Earth, and each other.

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