

**SAMPLE LETTER**

May 1, 2007

The Hon. David Emerson  
Minister of International Trade  
125 Sussex Drive  
Ottawa, ON, Canada  
K1A 0G2

Dear Minister:

This letter is to bring to your attention a serious regulatory issue in the agri-food industry. Dairy Processors Association of Canada / Association des Transformateurs Laitiers du Canada (DPAC/ATLC) is Canada's national industry association representing the public policy and regulatory interests of the Canadian dairy processing industry which accounts for \$11 billion dollars in sales on an annual basis.

DPAC/ATLC is very concerned about the future of the dairy industry in Canada and indeed the future of the agri-food industry following the announcement by the Honourable Chuck Strahl on February 7, 2007 *“that he would be asking the Canadian Food Inspection Agency (CFIA) to launch a regulatory process related to compositional standards for cheese”*. The Canadian Food Inspection Agency has stated publicly that the Gazette Part 1 version of the new regulations involving both the Food and Drug Act regulations and the Canadian Agriculture Products Act regulations will be published in June. To date, the purpose of this regulatory initiative has not been stated by the Minister or the Canadian Food Inspection Agency. We believe that this is because the changes have no valid purpose other than to put in place a proposal supported by the organization representing Canadian milk producers, the Dairy Farmers of Canada (DFC).

DPAC/ATLC points out that food regulations are meant to address health and safety issues. There has been no concern expressed by the Government of Canada about health implications or the safety of dairy products or their production. In fact, we point out that the processing industry and other stakeholders have been working hand in hand with the Canadian Food Inspection Agency to develop alternative proposals to modernize the regulations that meet or exceed standards in other dairy producing countries. The February initiative puts this work further behind.

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DPAC/ATLC was surprised and seriously disturbed that the Minister's instructions were to implement recommendations proposed only by producers. It would force dairy processors to purchase more raw full fat milk and limit the use of ingredients made from milk. The direction does not respect the "Guiding Principles" of the Dairy Industry Working Group in which both DPAC/ATLC and DFC participated from May to September 2006. These principles were focused on consumer benefits and to enable growth, innovation, competitiveness and to be WTO / NAFTA trade compliant.

DPAC/ATLC would like to draw to your attention:

First, the nature of the regulatory change has not been made public to allow for fully informed and detailed responses by industry participants. The fact that the base document – the Dairy Industry Working Group Moderator's Report – remains confidential to stakeholders even after it was cited by the Minister in his speech to Dairy Farmers of Canada in February makes a mockery of a supposedly scientific and transparent regulatory process.

Second, while Mr. Strahl has insisted that the regulatory changes are aimed at standardized cheese alone, the direction set for the new cheese standards would create a precedent for other dairy products. This is of increasing concern as Dairy Farmers of Canada continue to insist that in addition to new standards for cheese, revised standards for yogurt and other dairy products are needed too.

Third, the revisions to the standards will limit the ability of processors to develop new varieties and meet new consumer demands. A major victim would be low fat cheeses – making it difficult for Canadians to follow Health Canada recommendations to Canadians to eat low fat dairy products including cheese.

Fourth, the proposed regulatory changes address a primary production issue through processing regulations. They will interfere in the commercial operation of business in general in Canada. Indeed, these new regulations for cheese would have the effect of reducing opportunities for future business, as it will isolate Canadian products from world markets. They will increase the cost of manufacture, further reducing sales of domestic dairy products and further processed food products containing cheese, and limit export opportunities. They will further restrict imports of products that meet the Codex international standards of identity and put Canada at risk of breaching its international trade obligations.

Fifth, the proposed changes – as we understand them – do not simply impact cheese processors. They impact all manufacturers of prepared food products that contain cheese and importers of cheese and food products containing cheese. In many cases

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the impact will be to require reformulation of existing products and re-labeling and possible market losses. These stakeholders have not been consulted by CFIA nor have retailers, the food service industry, Canadian consumers or provincial governments, all of whom have a stake in the outcome of this regulatory process. Not only is the process seriously flawed, it is clear that the decision by the Minister to move forward was not based on adequate knowledge of the food industry – again an uncomfortable message to agri-business in Canada.

DPAC/ATLC has conducted an assessment of the impacts to the Canadian consumer, trade and the economy. We are sharing with you and your officials a News Release and Backgrounder that will be circulated this week in order that other stakeholders and the public become aware of these proposals and the impacts. Our President and CEO, Mr. Don Jarvis will be contacting your office to arrange to meet you and/or your officials to review these concerns in more detail.

In January, Agriculture Minister Strahl made a clear commitment to our Board of Directors representatives that Canada's new Government would not proceed with changes to dairy product regulations that dairy processors could not support. DPAC/ATLC clearly cannot support this regulatory process and asks the Government of Canada to stop it immediately.

Sincerely,



Alnashir (Nash) Lakha  
Chair  
DPAC/ATLC

c.c. The Rt. Hon. Stephen Harper, Prime Minister of Canada  
The Hon. Chuck Strahl, Minister of Agriculture and Agri-Food

Attachments

ALSO SENT TO:

The Honourable James M. Flaherty, Minister of Finance  
The Honourable Maxime Bernier, Minister of Industry  
The Honourable Tony Clement, Minister of Health  
The Honourable Jim Prentice, Chair, Cabinet Committee on Operations  
Senator John Trevor Eyton and Mr. Paul Szabo, M.P., Joint Chairs, Standing  
Committee on Scrutiny of Regulations (REGS)