## Canadian cheese should be made from Canadian milk

Our cows are in danger of losing their jobs as foreign products move in

By Wendy HolmDecember 13, 2008



The contentment of these Canadian cows and their owner depends in large measure on whether a Supreme Court ruling upholds Ottawa's new cheese content regulations.

Photograph by: Ian Lindsay, Vancouver Sun, Files

Canadians love their cheese. And whether it's cheddar, camembert, mozzarella or any one of the over 450 types made in Canada, we assume it's made with Canadian milk from Canadian cows, right?

Think again. If Canada's three multinational cheese makers -- Saputo, Parmalat and Kraft Canada -- have their way, imported milk protein concentrates from distant, low-cost, subsidized markets will soon replace Canadian milk in the manufacture of all but artisan brands, and cheese from our few remaining farmer-owned cooperatives such as Quebec's Agropur.

Why do Canada's cheese-makers want to put Canadian cows out of work? Globalization and profits.

Make no mistake: Just as Wall Street's addiction to financial derivatives fuelled the economic meltdown, the use of imported milk derivatives -- the protein concentrates and butter oil-sugar blends that are rapidly replacing Canadian milk in the manufacture of domestic cheese and ice cream -- undermines the quality and integrity of Canadian dairy products and threatens the future of Canada's supply management system.

Getting out means understanding how we got in. A little background:

Canada's dairy farmers operate under supply management. This means farmers manage production to meet the needs of Canadians. They do not produce for export markets and in return receive an administered price for their milk that reflects fairly the cost structure of efficient and sustainable family farms. A complex system of WTO-sanctioned trade measures (import quotas on fluid and processed dairy products and a two-tiered tariff system for in-quota and over quota imports) protects the domestic market. Since 1997, 19 different surveys have found Canadian milk is 15 per cent cheaper than U.S. product.

When they first showed up in the late 1990s, milk derivatives were imported under several different tariff classifications. Some entered correctly as dairy products and tariffs were paid, some entered as food product proteins and no duty was paid. In 2006, the Federal Court of Appeal upheld a Canadian International Trade Tribunal ruling lowering the duty for properly classified over-quota imports of milk protein concentrates from 270 percent to 6.5 per cent, widening the tear in the tariff wall and encouraging a flood of imports.

Canada's big three dairy processors quickly substituted lower quality imported milk protein concentrates for high-quality Canadian milk in the manufacture of cheese and other dairy products. Milk destined for cheese production -- 37 per cent of milk sales -- became unwanted skim milk powder overnight, throwing the Canadian market into supply imbalance and costing Canadian producers \$250 million a year.

On Sept. 5, after several years of negotiations with European countries a new category for milk protein concentrates was added to the Import Control List and a tariff rate quota put in place to reduce economic incentives for import.

On Sunday, changes to the Canadian Food and Drug Act will establish minimum domestic milk content for four categories of Canadian cheese: Traditional Cheddar (100 per cent), Fine Cheeses (95 per cent), Cheddar Cheese, Mozzarella and all cheese other than pizza mozzarella (83 per cent) and Pizza Mozzarella (63 per cent).

Dairy farmers point out the new cheese regulations are consistent with GATT, the WTO and other major cheese-producing countries -- all of which stipulate domestic milk content in cheese recipes -- and should have no effect on Canadian retail cheese prices.

Canadians point out that with so many international food safety incidents in recent months -- in particular in China where plastic melamine resin (a pesticide) was added to watered-down milk concentrates to boost protein -- consumers have a right to know that, when they pick up Canadian cheese, it is made with high-quality Canadian milk from Canadian cows.

All resolved? Everyone happy? Not quite.

On Oct. 20, Saputo, Parmalat and Kraft Canada petitioned the Supreme Court for a judicial review of Ottawa's new cheese regulations, arguing they are unenforceable, lack uniformity and objectivity, improperly delegate discretionary authority to the Canadian Food Inspection Agency and have as a purpose providing an economic benefit to dairy producers at the expense of dairy processors and others. Also challenged is the authority of the Canadian government to regulate cheese standards, arguing the regulation of milk is controlled by the provinces.

The court accepted the application and gave the Crown until Dec. 22 to file evidence. Ex parte hearings are Jan. 12. Full hearings are scheduled for March 30 and 31. A quick decision is expected. If the judicial review supports the Crown, Canadian consumers, farmers and cows can breath easier, knowing domestic dairy products will continue to be manufactured with high-quality Canadian milk produced on sustainable family farms that returns a fair price to the farmer and respects the environment. If it goes the other way, the integrity of the Canadian cheese market and the foundations of supply management are at risk.

For most of us, cheese is a staple of the holiday season, a natural accompaniment to conversations with friends and family at the parties, receptions and dinners that usher in the New Year.

Uppermost in the minds of Canadians will be our economy. But foremost on their lips will be Canadian cheese.

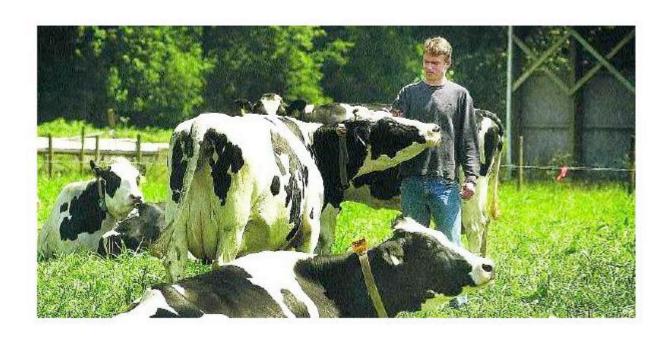
Want to be witty and wise this holiday season? Want to keep pace with Mr.-Credit-Union-Guy when he starts talking about "the macro-economic forces behind the melt-down"? At your fingertips -- the perfect metaphor: Cheese. "See this cheese? Court action by multinational cheese-makers could put Canada's cows out of business. It's about globalization and greed. Derivatives are involved . . . . "

Until agriculture becomes part of our culture, things won't change.

In the meantime, this holiday season, seek out and support our many artisan cheese-makers and regional dairies who have been making good Canadian dairy products with good Canadian milk all along.

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