

This cheese we eat ...



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Who would have thought it would come to this? Who could have predicted that Canada's milk processing plants — once local cooperatives created by farmers to serve farmers — would slam their doors in the face of Canadian cows?

Who would have imagined that milk derivatives, imported from far-flung, global markets, would ever replace wholesome Canadian milk in wholesome Canadian cheese?

Counter-intuitive, right? Yet Canada's big three cheese-makers, Saputo and Parmalat (who for more than a decade have been buying up and shutting down Canada's regional, cooperative dairies), together with

Kraft Canada, are doing just that.

When milk protein concentrates first showed up in the late 1990's, they 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 that dropped the duty for properly classified over-quota imports of milk protein concentrates from 270 per cent to 6.5 per cent, widening the tear in the tariff wall and encouraging a flood of imports.

Saputo, Parmalat and Kraft's rapid substitution of imported milk protein concentrates for higher quality Canadian milk in the manufacture of cheese and other dairy products would never have occurred were the plants still farmer-owned cooperatives.

With 37 per cent of Canadian milk destined for cheese production, the switch to milk protein concentrates by the big three cheese-makers is costing Canadian dairy farmers \$250 million a year in surplus removal costs.

From an industry perspective, the use of milk derivatives erodes the integrity, quality and reputation of Canadian-manufactured cheeses.

For consumers, the use of globally sourced derivatives in domestic cheese production not only compromises taste; it also increases risk associated with standards, inspection and traceability.

After a government-appointed industry committee failed to come up with a solution, the Canadian government acted, introducing two legislative changes last fall to resolve the problem.

In September, after several years of negotiations with European Communities and Switzerland, a new category for milk protein concentrates was added to the Import Control List and a tariff rate quota was put in place to reduce incentives for import. This closed the loophole for derivative imports.

In December, consistent with GATT, the WTO and all other major cheese-producing countries, changes to the Canadian Food and Drug Act established 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). This assured consumers Canadian cheese would be made from wholesome Canadian milk.

Problem resolved?

Not quite.

As evidenced by the butter-oil sugar blend debacle, when it comes to the global agri-food sector, shareholder profit trumps sustainability every time.

Last October, Saputo, Parmalat and Kraft Canada petitioned the Supreme Court for a judicial review of the 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.

In a year dominated by stories of peak oil, escalating food prices and high-profile food contamination scares - melamine, listeriosis, salmonella - the move by Saputo, Parmalat and Kraft to challenge Ottawa's new cheese regulations seems particularly ill-advised. Canadian consumers are focused on food like never before.

Food safety, food miles and 100-mile diets regularly capture the attention talk show hosts and columnists. And it would be hard to find a food product Canadians more identify with than cheese. (We are referred to as "cheese-heads" after all!)

Fortunately, this attempt by concentrated multinationals to close their doors to Canadian milk is getting good play in the main stream media, raising the ire of Canadians consumers, who expect their cheese - whether it's cheddar, camembert, mozzarella, or any one of the over 450 types produced in Canada — to be made with high quality Canadian milk from Canadian cows. Likely, this will boost demand for cheeses from artisan, regional and cooperative dairies, which have been making good Canadian dairy products with good Canadian milk all along...

In a vain attempt to manage the public backlash, Saputo is now calling for reductions in prices to dairy farmers, claiming they can't afford to make cheese with Canadian milk.

It doesn't take much to blow holes in this one: no fewer than seventeen independent surveys over the past decade have found Canadian milk prices average 15 per cent below U.S. product.

This is, of course, not about price, it is about globalization. Just as Wall Street's addiction to financial derivatives fueled the global economic meltdown, the use of imported milk derivatives by Canada's big three cheese-makers undermines the quality and integrity of Canadian dairy products and threatens the future of Canada's supply management system.

Until agriculture becomes a part of culture, things won't change. But Saputo, Parmalat and Kraft's unprecedented attack Canadian cheese and Canadian farmers just might open that door in the heart of consumers that says "enough is enough..."

Uppermost in the minds of Canadians is our economy. But foremost on our lips is Canadian cheese.