NOV 21 2005

BY FAX

November 18, 2005

Larry Di Ianni
Mayor
City of Hamilton
71 Main Street West
Hamilton, Ontario L8P 4Y5
Fax: 905-546-2340

Dear Mayor,

Please find enclosed a resolution supported by the dairy, egg and poultry farmers of Ontario.

We would appreciate your Council adopting this resolution at the next council meeting and forwarding the adopted resolution to The Honourable Andy Mitchell, Minister of Agriculture and Agri-Food; The Honourable Jim Peterson, Minister of International Trade and Prime Minister Paul Martin in advance of the Sixth WTO Ministerial Conference to be held in Hong Kong, China, 13 – 18 December 2005.

Municipalities across Ontario are adopting this resolution in an effort to ensure that Canada’s supply-managed system for Ontario dairy, poultry and egg farms is preserved at WTO. Supply management, a uniquely Canadian success story, avoids the 'boom and bust' cycles that often wreak havoc in other agriculture sectors by ensuring a steady supply of product to the consumer at affordable prices.

It is vital that Ontario’s dairy, egg and poultry industries be preserved in order to ensure that Ontarians continue to have stable access to high-quality and nutritious food.

Sincerely,

[Signature]
Paul Sutherland
Consultant

Encl.
Resolution to stand up for Ontario’s dairy, poultry and egg farmers by supporting the preservation of supply management

"WHEREAS Ontario dairy, poultry and egg farmers are part of a supply-managed system that matches production to Canadian demand; and

WHEREAS supply management is a 'uniquely Canadian success story' with a solid 40-year track record of providing high-quality and nutritious food for Canadians; and

WHEREAS the dairy, poultry and egg industries are a major economic asset to Ontario generating $2.6 billion in farm cash receipts; sustaining more than $14 billion in economic activity with over 70,000 Ontario jobs depending on supply management; and

WHEREAS Canada’s food supply and Canada’s farms may be at risk of being traded away during the World Trade Organization’s Doha Round of negotiations continuing with the Sixth WTO Ministerial Conference to be held in Hong Kong, China, 13–18 December 2005; and

WHEREAS dairy, poultry and egg farmers and Federal and Provincial governments have worked together to create a stable and equitable economic environment that benefits every link in the food chain including consumers and farmers; and

WHEREAS Canada’s economic fabric, both rural AND urban, would unravel without supply management; and

NOW THEREFORE BE IT RESOLVED THAT the city (region, county, town) of (Municipality) supports the preservation of supply management for Canada’s dairy, poultry and egg farmers; processors; consumers and other Canadians who depend on a vibrant farm economy;

AND BE IT FURTHER RESOLVED THAT this resolution be forwarded to The Honourable Andy Mitchell, The Honourable Jim Peterson and Prime Minister Paul Martin requesting that they preserve supply management at the WTO trade table;

AND BE IT FURTHER RESOLVED THAT this resolution be forwarded to the Association of Municipalities of Ontario and the Federation of Canadian Municipalities to request that they similarly voice their support for supply management by forwarding a resolution to The Honourable Andy Mitchell, The Honourable Jim Peterson and Prime Minister Paul Martin requesting that they preserve supply management at the WTO trade table."
BY EMAIL

December 2, 2005

Mayor Larry Di Ianni and Members of Council
City of Hamilton
71 Main St. W.
Hamilton (Ontario) L8P 4Y5
email: mayordianni@hamilton.ca; clerk@hamilton.ca

Dear Mayor Larry Di Ianni and Members of Council,

    Re: resolution for the preservation of Ontario's dairy, egg & poultry farmers' supply management marketing system

Further to the letter sent to you by Paul Sutherland, acting on behalf of Ontario dairy, egg and poultry farmers also known as FarmGate5, dated November 18, 2005, and the accompanying resolution that we’ve requested your council to adopt, I am enclosing two brochures – FarmGate5 “From our home to yours” and “The Bottom Line What’s at Stake?” for your information.

In order to facilitate your decision-making, the brochures will provide you with additional background information regarding the supply management marketing system that will be on the negotiating table at the WTO conference in Hong Kong, China, referenced in the above-mentioned letter. The outcome of these negotiations will not only directly impact the livelihood of Ontario farmers, but every link in the food chain including processors and consumers. For forty years, our uniquely Canadian farm marketing system has been providing a reliable supply of the highest quality and safest food for all Canadians.

For your ease of reference, I am also re-attaching the resolution we would like your council to endorse.

Should you have any questions please feel free to contact Paul Sutherland at (416) 413-4730.

I would appreciate it if you could forward any notice of decision respecting the resolution to the attention of Mr. Sutherland at:

    FarmGate 5
c/o 160 Bloor Street East, Suite 700
    Toronto (Ontario) M4W 3P7

Thank you once again for your assistance.

Sincerely,

Carolynne Griffith
FarmGate5 Spokesperson

cc Paul Sutherland
    Mary Di Mambro – assistant

Encl.
Resolution to stand up for Ontario’s dairy, poultry and egg farmers
by supporting the preservation of supply management

“WHEREAS Ontario dairy, poultry and egg farmers are part of a supply-managed system
that matches production to Canadian demand; and

WHEREAS supply management is a ‘uniquely Canadian success story’ with a solid 40-
year track record of providing high-quality and nutritious food for Canadians; and

WHEREAS the dairy, poultry and egg industries are a major economic asset to Ontario
generating $2.6 billion in farm cash receipts; sustaining more than $14 billion in economic
activity with over 70,000 Ontario jobs depending on supply management; and

WHEREAS Canada’s food supply and Canada’s farms may be at risk of being traded
away during the World Trade Organization’s Doha Round of negotiations continuing with
the Sixth WTO Ministerial Conference to be held in Hong Kong, China, 13–18 December
2005; and

WHEREAS dairy, poultry and egg farmers and Federal and Provincial governments have
worked together to create a stable and equitable
economic environment that benefits every link in the food chain
including consumers and farmers; and

WHEREAS Canada’s economic fabric, both rural AND urban, would unravel without
supply management; and

NOW THEREFORE BE IT RESOLVED THAT the city (region, county, town) of
(Municipality) supports the preservation of supply management for Canada’s dairy, poultry
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Honourable Andy Mitchell, The Honourable Jim Peterson and Prime Minister Paul Martin
requesting that they preserve supply management at the WTO trade table.”
Ontario's dairy & poultry farmers provide world-leading quality with no subsidies or surpluses

Ontario's agricultural sector provide a stable supply of high-quality food products at competitive prices. This is possible, thanks in part, to our successful dairy and poultry marketing systems.

In Canada, dairy and poultry farmers get their income from the market place. In other countries, large subsidies are often paid to farmers or the food industry and this is why Canada needs border controls.

Agriculture is a key issue in the multilateral negotiations launched by the World Trade Organization (WTO) in 2001. Several proposals being discussed pose a risk to the future of Canada's dairy and poultry farmers by jeopardizing border controls.

Canada must win recognition of the fact that our supply management approach does not distort international trade.

Why preserve Ontario's dairy and poultry industries?

Consumers would no longer be guaranteed stable supplies of high-quality food at fair prices. Enterprises that rely on stability in the poultry and dairy sectors (processors, retailers, input suppliers and service providers) would be seriously affected. Thousands of across the province could disappear. The economy and Canada's food self-sufficiency could also be seriously affected.

A significant part of Canadian production would be replaced by imported products that are not produced under Canada's stringent quality standards.

Lend your support online at www.FarmGate5.org

To assist the Canadian government in these negotiations, FarmGate5 has been organized in support of Ontario dairy and poultry farmers. It will consist of Ontarians from all walks of life including farmers, agri-food partners, companies, financial institutions, consumer groups, unions, municipal governments, MPPs, MPs and individuals. It brings together all organizations and people who believe in a strong agricultural sector and a prosperous food industry in Ontario.

You are invited to join FarmGate5. You will be kept abreast of developments in the WTO negotiations and, most of all, you will help to positively influence the outcome of the negotiations. Thank you for your support and make sure to talk about FarmGate5 to everyone you know!

Supporters of Ontario's dairy and poultry farmers and the province's economic prosperity
What makes Ontario dairy and poultry industries unique?

Supply management is a uniquely Canadian marketing system that matches what farmers produce with what consumers need. By forecasting the need for food and planning accordingly, it reduces the instability that can result when supply and demand for products are out of balance.

In the 1960s and 1970s, Canada's dairy and poultry industries were plagued by chronic overproduction and unsalable prices. Government introduced supply management as a way of stabilizing the dairy and poultry markets for consumers, while providing farmers with fair return.

Supply management is what enables poultry and dairy farmers across Canada to succeed without further financial help.

The success of supply management depends upon three tools known as the three pillars of supply management:

1) Effective import controls
   The government committed itself to limiting imported products to ensure the Canadian market is primarily met by Canadian production.
2) Production controls
   Farmers undertook to provide the Canadian market with quality products in sufficient quantities. They also undertook not to produce surpluses.
3) Ability to establish price
   The government also introduced mechanisms to enable farmers to receive prices that yield reasonable returns and make a decent living. Just like a three-legged stool, if one leg is removed, everything collapses. These three pillars are the legs on which supply management stands. Any future trade agreement signed by the government of Canada must preserve all three pillars if supply management and this great Canadian success story is to continue.

What are the goals of FarmGate5?

FarmGate5 seeks to ensure the Government of Canada secures a balanced trade deal that benefits all farmers including those in the dairy and poultry sectors.

Canada is more open to agricultural imports than the U.S. and E.U. and subsidy levels in Canada are both lower, and declining faster, than our trading partners.

Canada is committed to domestic supply management for its dairy and poultry industries as a solution that works for consumers, food processors and the industry.

Canada's position in the current round of trade negotiations reflects that continuing commitment. The reality is that some trading partners have not lived up to the last WTO agreement in terms of market access or subsidy reductions.

For these reasons, Canada must be able to maintain tariffs at current levels in dairy and poultry products, as well as the right to have administered pricing policies. Both conditions are essential to maintaining effective production management.

FarmGate5 support the Canadian position that all the WTO treaty signatory countries introduce conditions that truly allow 5% of their domestic market to be supplied by imports. This measure alone would result in an 80% average increase in the volume of agricultural and food products that could be traded worldwide without being subject to tariffs. That would be real progress!
The Bottom Line
What's at Stake?
Canadian farmers are concerned about WTO negotiations:

Canada must support equitable trade rules that empower farmers. Rules must bring the benefits of trade back to farmers. Farmers must be able to develop and sustain their domestic industries confidently, without having to compete with subsidized imports that undermine their work.

The dairy, poultry and egg industries have worked closely with the Canadian government throughout the agriculture trade negotiations. We need the continued support of our government, and indeed all our Parliamentarians, as the negotiations move forward.

As members of the Canadian Federation of Agriculture (CFA), the country’s largest farm organization representing over 200,000 farmers and farm families, we stand shoulder to shoulder with our friends from the pork, grains and other sectors. Working together, we have created a balance that reflects the diverse interests of all of Canadian agriculture.

We want WTO rules that will create fairness among countries, will increase trade globally and will allow current over-quota tariff levels to be maintained. We want domestic support rules that are flexible enough to allow Canada to deal with unexpected challenges to Canadian agriculture and that recognize administered pricing as non-trade distorting.

Canada’s supply management system:

- matches production to Canadian demand;
- allows farmers to receive a fair price from the marketplace, without relying on taxpayer dollars;
- eliminates major fluctuations in prices at the farm, processing or distribution level;
- ensures an efficient and secure food supply that respects Canadian safety and health standards.

The dairy, poultry and egg industries are important to Canada. Together they:

- contribute a net $12.3 billion to the GDP;
- generate $6.8 billion in farm cash receipts;
- sustain more than $29 billion of economic activity;
- employ more than 215,000 Canadians throughout the country.

The WTO Agreement must:

1. Allow the maintenance of over-quota tariffs at their current levels;
2. Provide clean market access equal to 5% of a country’s recent food consumption;
3. Recognize that supply management’s pricing mechanisms are not trade distorting.

The Bottom Line – What’s at Stake?
What is Supply Management?

Supply management empowers farmers while benefiting processors, consumers, governments and taxpayers. It exchanges the boom and bust cycles with a stable and orderly market—without costing the government or taxpayers a dime!

With supply management, farmers work together to match what they grow with what consumers need and want. Consumers get good value for their money: a reliable supply of quality food at reasonable prices. Farmers receive their returns from the marketplace without relying on subsidies or taxpayer dollars. The Canadian market is also open to a predictable level of imported food.

The system is founded on three equally important pillars. Each is critical in supporting the system. If one pillar is weakened, the entire system is weakened.

Producer Pricing Pillar

In Canada, pricing mechanisms are based on farmers collectively negotiating minimum farm gate prices for milk, poultry and eggs that are then enforced through legislation or regulation. By acting together, farmers can negotiate a fair price for their food, based on what it costs to produce that food. In other countries, without similar pricing mechanisms, an even smaller portion of the price paid by consumers is received by the farmers.

Our farmers want the new WTO agreement to explicitly permit this kind of pricing by regulation. A new agreement should put this pricing in the Green Box, which is the category reserved for practices that are non-trade distorting, or minimally trade distorting.

Import Controls Pillar

Matching the supply and demand for food allows Canadians to count on stable food prices. This, and predictability of imports, ensure that it is possible to make a living in agriculture. To achieve this, we need effective tariff rate quotas with over-quota tariffs that control imports of food in all its forms.

The current WTO agreement allows over-quota tariffs to be high enough to control imports at the agreed-to-access levels.

Production Discipline Pillar

With supply management, farmers plan their production to produce a steady supply of quality food that efficiently reflects changes in consumer demand. This prevents sudden shifts in the prices received from farm to plate.

Supply management helps keep prices stable. Without import controls, production discipline becomes impossible. Without production discipline, pricing becomes impossible.

The Bottom Line – What’s at Stake?

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Q. Does supply management block imports?
A. No. In fact, Canada imports more dairy, poultry and egg products than many other countries!

Canada imports over 6% of the market for dairy products, 5% for eggs and turkey, 7.5% for chicken and 21% for hatching eggs. In comparison, the United States gives only 2.75% access for dairy products and Europe offers a mere 0.5% for poultry. On top of this significant access, there are unlimited imports of other forms of these products which should be subject to controls that respect historical levels of imports.

Canada’s agricultural trade position calls for all countries to provide clean market access. If all countries provided 5% access to their markets, overall trade could increase by 77.5% for cheese, 114% for pork, 152% for poultry, 50% for wheat and 92% for beef.

Q. Are farmers of the supply-managed sectors subsidized?
A. No. 100% of our farmers’ revenue for milk, chicken, eggs and turkey comes from the marketplace, not from government.

The United States and the European Union on the other hand continue to dole out billions of dollars to their farmers.

Consumer price indexes for food and poultry products continue to grow while farmers are receiving significantly smaller portions of consumer spending.

The Bottom Line – What’s at Stake?
Q. What's wrong with reducing over-quota tariffs?

A. Predictability of imports is essential for supply management to function properly. Reducing over-quota tariffs would allow for completely unrestricted access to the Canadian market, making it impossible to match production to Canadian demand and maintain the price stability of farm products.

Q. But wouldn't I pay less for food if there were no supply management?

A. No. In countries that have deregulated their industries, heavy concentration at the agri-business and retail levels prevents reduction of farm prices from being passed on to consumers.

When we examine comparable markets and convert U.S. dollars to Canadian prices, Canadian eggs are a better deal than those in the United States. For example, in 2004, Large Grade A eggs averaged $2.04 a dozen in Toronto while in New York, they averaged $2.53 a dozen.
Q. What is the farmer’s share of the price of food?

A. Let’s take a look at some typical menu items:

<table>
<thead>
<tr>
<th>Typical Price</th>
<th>Farmer’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14.00</td>
<td>$0.31 (egg farmer)</td>
</tr>
<tr>
<td>Eggs Benedict</td>
<td>$13.50</td>
</tr>
<tr>
<td>All-Dressed Pizza (Medium)</td>
<td>$8.49</td>
</tr>
<tr>
<td>Grilled Chicken Breast on Rice</td>
<td>$5.99</td>
</tr>
<tr>
<td>12” Turkey Sub</td>
<td></td>
</tr>
</tbody>
</table>

Even the box on your restaurant bill, or the tip you leave for your server, amounts to more than what the farmer gets!

Our Canadian way of farming and marketing food is now at risk at the WTO.

Our supply management system cannot be up for negotiation.