

PRESS RELEASE

FOR IMMEDIATE RELEASE

DAIRY FARMERS WORRIED ABOUT BSE FALLOUT

Ottawa, August 7, 2003 – The impact of the BSE fallout on the dairy industry is of increasing concern to dairy producers. During the first few weeks of the export ban, dairy producers remained optimistic that, once the scientific inquiry conducted by the federal government was completed, borders would reopen. That optimism is now gone.

"Dairy producers do not know how or when they will be able to sell their older cows," said Jean Grégoire, President of Dairy Farmers of Canada. "There are too few abattoirs in Canada and they are not taking more animals, especially if they are over 30 months of age, like culled dairy cows. About 70% of culled dairy cows were exported to the United States and Mexico before one case of BSE was found in Canada."

According to information gathered by the Canadian Livestock and Genetics Association, export sales of dairy replacement heifers in 2003 were on track to top 100,000 head with a value of \$200 million. As of May 20, 37,000 head valued at \$69 million had been shipped. Traditionally, about 65% of exported heifers go to the United States.

The sales value of dairy calves, replacement heifers and culled cows is estimated at about \$1.5 million a day. Not only are producers losing revenue from the sales of those animals but they are now faced with the expense of maintaining them and dealing with the extra milk that will be produced as bred animals continue to calve.

All indications point to a "phased" re-opening of the border based on the perceived risk of various products. The first live animals to cross are likely to be those younger than 30 months that are destined for slaughter. However, such a limited opening of the border

would not help the dairy industry, as replacement heifers and culled cows would still face a closed border.

"We recognize the excellent work done by the federal government in managing this crisis over the past months," said Mr. Grégoire. "As a result, consumers remained confident in the safety of beef products; but as the export ban is prolonged, border closures increasingly affect the operations of milk producers. The interim compensation program in place will end in less than a month. Markets for Canadian dairy cows and meat will very likely remain closed for much longer. Contingency plans must be made now."

Producer associations have been active since the beginning of the crisis and continue to hold discussions nationally to look at alternative solutions. We also continue to pursue discussions with the Minister of Agriculture, his department and the Canadian Food Inspection Agency. We also recognize the impact of this crisis on agricultural producers, associated agri-businesses such as equipment dealers, trucking companies, Canadian genetics companies, auction marts, veterinarians and others.

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