



2020-21
**DAIRY FARMERS
OF CANADA REPORT**

Prepared by Dairy Farmers of Canada as an addendum to Dairy Farmers of Ontario's 2020-21 Annual Report

DAIRY FARMERS OF CANADA REPORT

The national association continues to work on dairy producers' behalf, so they can focus on what they do best: supplying our communities with sustainably produced, high-quality milk.

Trade deals, increased competition in the marketplace, changing consumer expectations and countering myths and misconceptions about dairy are just some of the things DFC is working to address.

The following provides a brief overview of DFC's major achievements.

Strategic Objectives and Progress

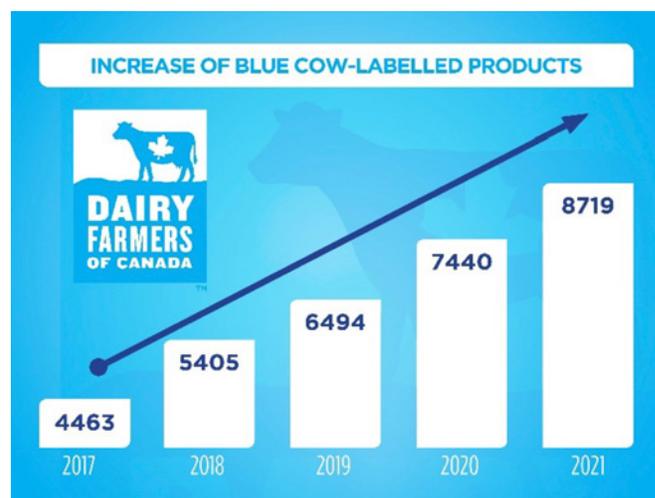
The organization pursued five strategic priorities for 2020, including:

- Engaging millennials and Gen-Z to build the social licence to consume Canadian dairy;
- Engaging Canadians and stakeholders on the value of Canadian dairy and the role of supply management;
- Maximizing the impact of our current and future partnerships;
- Undertaking an offensive 'sector strategy' to debunk myths and misconceptions; and
- Working jointly with producers and processors to identify issues of mutual interest.

DFC made significant progress on the organization's overall key performance indicators, surpassing the three-year objective in all three areas.

The Blue Cow Logo: A key partner in dairy

The blue cow logo is one of the most recognized food brands in Canada, with nine out of 10 Canadians now familiar with the logo, according to third-party IMI Research. The logo has become not only a symbol for the quality of Canadian dairy, but for the commitment of dairy farmers as stewards of the environment. The blue cow is central to the connection dairy farmers have with consumers. In 2020-21, 38 new licensees and more than 1,000 additional products joined the blue cow family.



From leveraging the blue cow logo in advertising and point-of-sale materials, to new consumption-driving tactics, DFC continues to work with partners in restaurants and foodservice to overcome pandemic-related challenges. DFC also works closely with retailers on areas including special point-of-sale advertising, signage, flyers and loyalty program promotions that feature the blue cow.

MEASUREMENT	BASELINE JAN 2019	MID-YEAR 2019	YEAR-END 2019	MID-YEAR 2020	YEAR-END 2020	MID-YEAR 2021	THREE- YEAR OBJECTIVE (2021)	STRETCH OBJECTIVE (2025)
Reputation of dairy farmers	72.2	69.0	70.4	70.6	72.4	70.8	70.2	74.8
Support for supply management	57.0	59.4	60.8	62.6	61.0	61.2	57.0	61.8
Millennial support for the consumption of dairy	51.3	51.6	56.3	59.0	58.0	61.3	51.3	56.0

Source: Abacus Data, Summer 2021



Building a Social Licence for Dairy Consumption

The blue cow logo and proAction® program are helping to build the “social licence” to consume dairy. DFC’s marketing activities emphasize the forward-thinking values and practices embodied by farmers. DFC is continuing to foster a deeper digital relationship with online users, driving higher engagement and having target audiences spend more time interacting with marketing content. DFC also expanded its list of third-party experts and influencers to help drive home the dairy message. DFC’s 2020-21 campaigns used Canadian standards in various areas, including sustainability, animal care and milk quality, as an overarching proposition to counter negative messages about dairy and affirm trust in farmers.

Advocacy: Working on behalf of Canadian dairy farmers

Compensation

Last November, with the help of provincial associations and grassroots members, DFC succeeded in obtaining the outstanding details on the compensation packages for CPTPP and CETA following an intensive advocacy and awareness campaign with government and elected officials from all parties. As a result of these efforts, the remaining compensation payments, totalling \$1.405 billion, will be distributed over a shortened three-year period instead of the original seven-year timeframe. DFC is engaged with officials on securing an announcement and a timeline on the compensation for CUSMA.

Canada-U.K. Trade Agreement

DFC also succeeded in ensuring no domestic dairy market concessions were granted in the transitional free trade agreement with the U.K. and has actively advocated that the majority of TRQs granted in the various recent trade agreements be allocated to Canadian processors.

Private Members’ Bills

While the focus has been on international trade, DFC also campaigned for several private members’ bills aiming to improve the quality of life of Canadian dairy farmers in recent months, including a bill to remedy issues with the taxation of intergenerational farm transfers (C-208), and a law prohibiting the Canadian government from granting new access to our Canadian domestic market in future trade agreements (C-216).

TRQs Allocation

DFC submitted comments on phase two of the comprehensive review of the allocation and administration of TRQs for dairy products, re-emphasizing how critical it is that dairy TRQs be allocated to Canadian dairy processors at the maximum possible level. The new TRQ allocations were expected to be published on Sept. 1, 2021 to come into force on Jan. 1, 2022, but were delayed because of the election. DFC also conducted a technical briefing for parliamentarians to better sensitize them to the importance of this issue for the dairy sector.

USTR Challenge on CUSMA TRQs

Under CUSMA, most of Canada’s TRQs have been allocated to processors, similar to the current allocation of TRQs in place under the CPTPP. Following the process started late December by the U.S. Trade Representative, the U.S. moved forward to request a formal panel to challenge Canada’s CUSMA TRQs allocation to Canadian dairy processors on May 25, 2021. Along with the Canadian government, DFC is confident the current allocation of TRQs respects CUSMA disposition. DFC is offering its help to the Canadian government to build a strong case to defend dairy’s national interest. The decision of the panel is expected in late 2021.

Grocery Code of Conduct

DFC and other stakeholders support a ‘Grocery Code of Conduct’ to bring greater balance to supplier-retailer relationships, improve competition in the grocery retail environment and foster greater collaboration throughout the supply chain. DFC advocated its position on this issue during its Lobby Week and continued to follow up with the government throughout the year. A federal-provincial working group has been created and has tabled its report, calling on stakeholders to come together and find an industry-led solution by the end of the year.

Lobby Week 2021

In February, dairy farmers from across Canada gathered for a ‘virtual lobby week’ as part of DFC’s annual policy conference. This year’s focus was on securing support from federal MPs and Senators towards mitigating the impacts of CUSMA, preserving Canada’s right to allocate its own TRQs, ensuring no more trade concessions, strengthening Canada’s border enforcement and advocating for the creation of a national Grocery Code of Conduct. Dairy farmers conducted nearly 140 meetings with MPs and Senators from all parties from all sides, including the Prime Minister and most leaders of opposition parties.



Expert Working Group on Butter

In light of public concern surrounding the hardness of butter this past winter, DFC established an expert working group to further study the issue. The group aims to deliver independent conclusions rooted in science on both the hardness of butter and the use of palm supplements in dairy. Members include prominent academics and scientists from across Canada, with a diverse range of expertise. The working group also includes participation from dairy processors and farm-level experts. The group was expected to report back on its progress in late November.

Research Initiatives: Leading the world in innovation

The Canadian dairy sector has always been a global leader in research and innovation. DFC has been an important contributor in this area over the past quarter century to:

- Foster innovation;
- Increase farm efficiency and sustainability;
- Enhance animal health and care practices;
- Improve milk quality; and
- Strengthen the role of dairy in human nutrition and health.

DFC also leverages its investments to attract funding from other research partners. This research provides the basis for communications with health professionals and the public and helps to inform new best practices and requirements such as those under proAction.

Research by the numbers (2020-21)

- 39 projects
- 32 investment partners
- 36 research institutions
- 124 scientists
- 113 students (M.Sc., Ph.D., Postdocs)
- 3,023 dairy farms collaborating on projects

Nutrition: Reinforcing understanding of dairy's role in human health

DFC's national nutrition team has continued to connect with health professionals and consumers to share information, emerging research and new resources that reinforce the role of milk products in promoting health.

DFC remained focused on digital content as an official sponsor of Dietitians of Canada's 2021 Nutrition Month campaign, an annual event running every March. In addition to materials created for teachers and health professionals, DFC also developed a consumer social media campaign focused on the diversity of foods Canadians consume and the influences that shape an individual's unique choices.

DFC also supported webinars connecting health professionals with the latest information on the role of dairy in a healthful diet.

