



April 13, 2017

The Honourable A. Raynell Andreychuk, Senator
Chair of the Standing Senate Committee on Foreign Affairs and International Trade
The Senate of Canada
Ottawa, Ontario
K1A 0A4
Email: raynell.andreychuk@sen.parl.gc.ca

Dear Senator Andreychuk,

On behalf of Gay Lea Foods Co-operative Limited, I am writing in regards to the consideration of Bill C-30, *An Act to implement the Comprehensive Economic and Trade Agreement between Canada and the European Union and its Member States and to provide for certain other measures*, by the Standing Senate Committee on Foreign Affairs and International trade.

As Ontario's largest dairy co-operative, the growth and opportunities to further diversify the domestic cheese market for Canadian consumers is a key priority. We have been steadily growing our domestic cheese production for bovine and goat milk, launching innovative products to provide Canadian consumers with new and exciting flavours and textures while investing in our cheese making operations.

We appreciate the Committee's commitment to sober second thought by conducting a thorough study of the legislation. However we are becoming concerned with the timing of the parliamentary study of the legislation and the impact this will have on the implementation of the Agreement. Our concern is two-fold, the timing for the process to allocate the new cheese quotas and the implementation of the two dairy programs that were announced last fall by the Government of Canada.

Following the conclusion of the CETA negotiations, the dairy industry raised concerns that the implementation of the new market access needed to be planned alongside the dairy year to ensure that the introduction of the new European cheese was smoothly implemented with minimal disruption. One concern included the possibility of large volumes being dumped into the Canadian marketplace at peak times, such as the fall period which is the busiest season for cheese makers.

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Born on the farm

As we move into the mid-year we are getting concerned that government and industry will not have time to adequately plan a smooth phasing-in of the new cheese market access in accordance with the obligations under the Agreement.

There are several market realities to consider: cheese makers and processors are currently confirming product lines with retailers and other customers; the fall period leading up to the October and December holidays is the busiest time and opportunity for cheese makers; and when there is already a high volume in the marketplace. This is also a time period when retailers place a blackout on new product launches.

Secondly, the dairy programs announced by the Government of Canada to support competitiveness and innovation in Canadian dairy will not open until CETA comes into force. In order to be competitive and position our business for success, we cannot continue to defer investments in our industry. At Gay Lea Foods, we have made the decision to not wait and have already committed over \$200 million dollars in modernizing and expanding our facilities, funded by our dairy farmer owners. Smaller processors and cheese makers may not be in a position to proceed without the dairy processing program.

We hope that the Committee will consider these additional factors and assist with a timely conclusion to the parliamentary study on the legislation, enabling government and industry to proceed with an implementation plan as soon as possible.

Yours sincerely,

A handwritten signature in cursive script that reads "Michael Barrett".

Michael Barrett
President & CEO

Cc: Marie-Eve Belzile, Clerk of the Committee

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