



Les  
Producteurs  
de lait  
du Québec

*Rebuttal by Les Producteurs de lait du Québec to Sylvain Charlebois' text entitled "La pizza moins chère grâce à l'Europe" (Cheaper pizza thanks to Europe?), which was published in La Presse on Friday, January 23, 2015.*

*This rebuttal was sent to La Presse on January 23, 2015, but was not published.*

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## **Cheaper pizza thanks to free trade with Europe? Nothing could be further from the truth!**

In his text entitled *Cheaper Pizza Thanks to Europe?*, Sylvain Charlebois hopes that the recent 1.8% decrease in the producer price of milk decreed by the Canadian Dairy Commission will also lower the price of pizza. But nothing could be further from the truth!

In May 2013, Mr. Charlebois also wrote about the 15% discount on the price of milk used for mozzarella that was granted by Canadian milk producers to pizzerias. "Pizza could cost less in Canada. At least it will cost pizzerias less to make it. (...) We will see if consumers benefit from the lower cost," he wrote, with caution, and rightly so. In fact, when answering a question from a *Le Soleil* journalist who had asked if this price drop would benefit consumers, the spokesperson for Quebec restaurateurs said "With continuously eroding net profits and a new minimum wage increase (...), that would be surprising."

He went on to point out that there is no guarantee that a decrease in the producer price will be transferred to consumers by processors and retailers. For example, New Zealand's milk producers enjoy extremely low production costs and a low farm-gate price thanks to exceptional climate conditions. Yet, Kiwis pay more for their milk than Quebecers!

The milk crisis announced in Europe has actually been affecting the British for months. They were told that the price would be 21.75 pence per litre in early 2015, which is a decrease of more than 37% in a year and a price well below their steady production cost at 30 pence a litre.

This is Europe's second milk crisis in the space of six years. In 2007, the European Union let the price of milk float with global market prices, an extremely volatile and marginal market. It pays subsidies to producers to partially compensate them and spends over \$70 billion annually to support its agriculture. France's livestock institute calculated that one dairy farm and farming operations comparable in size to Quebec's dairy farms received the equivalent of CAD \$70,000 in annual support in 2013. And these subsidies would not even cover the costs in the event of a crisis like the one in 2008-2009 or the one anticipated in 2015.

Mr. Charlebois acknowledges that ending supply management would be suicide. In fact, eliminating supply management would harm both the Quebec and Canadian economies, and especially our regional economies. Agriculture is not like other economic sectors. Nearly all countries intervene to support their agricultural sector and prevent the impact of the huge farm-gate price fluctuations. There are only two ways to do this: through the budget, like Europe and the United States, or through the regulatory framework, like Canada, which is more effective and costs taxpayers a lot less.

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