



Les  
Producteurs  
de lait  
du Québec

# Comprehensive Economic and Trade Agreement (CETA) with the European Union

## Impacts and prospects for the dairy sector

### THE CETA

- On October 18, 2013, the Canadian government reached an agreement in principle with the European Union (EU) in the negotiations of the Comprehensive Economic Trade Agreement (CETA). The agreement makes a major concession to the EU for cheese.
- To take effect, this agreement must be ratified by the Canadian and European parliaments. After the final agreement is signed, it is estimated that the translation and ratification process may take 18 to 24 months.

### WHAT IMPACTS WILL THESE CONCESSIONS HAVE?

- The concession made to the EU will result in 180 million litres of milk no longer being produced or processed here. This will cause **\$150 million in lost income for producers**, i.e. the annual production of 365 farms or more than the annual production of Saguenay-Lac-Saint-Jean. This will also have an impact on employment and collective wealth.
- In the last 20 years, **Quebec producers and cheese makers have invested no less than over \$100 million** to develop this market. Canada has just handed over the return to Europe!
- The retail market is roughly 50,000 tonnes, or 90,000 tonnes including the institutional (HRI) sector. **The 17,700 tonnes of additional cheese imports granted to the EU, which includes 16,000 tonnes of fine cheese, could take up to 30% of the retail market for these types of cheese.** Given the fact that the annual growth of the fine cheese sector is only 1%, this sector may shrink by a total of 25% by the time the 5-year period for implementing the new tariff quota has ended.

## HIGHLIGHTS OF THE ADDITIONAL IMPORT ACCESS CONCEDED IN THE DAIRY SECTOR

- **16,000 additional tonnes of imported “quality” cheese.**
- **1,700 additional tonnes of “industrial” cheese.**
- **Special additional import access given to the EU for 800 tonnes within the quota of 20,400 tonnes of cheese already granted by Canada to its trade partners. Of that number, 13,400 tonnes were already being imported from the EU. (No new impacts).**
- **Gradual elimination of customs duties on protein concentrates.**



- **The negative impact of this concession will be felt particularly in Quebec**, which produces over 50% of Canada's cheese and more than 60% of its fine cheese.
- **The actual and measurable lost income** caused by these additional cheese imports will amount to **over \$300 million annually for producers and cheese makers**.

## SUPPLY MANAGEMENT

- Canadian producers under supply management rely entirely on the market price and receive no government subsidies to support their incomes. They need the level of imports to be controlled and predictable in order to prevent export countries that heavily subsidize their producers, enjoy climate conditions that we cannot compete against or have more lenient rules and cheaper labour from invading our market. This also allows us to plan our production and adjust it to market needs without creating a surplus.
- Europe, however, supports its exports through subsidies. The European Union's Common Agricultural Policy has an annual budget in the neighbourhood of \$80 billion. A recent expert report commissioned by the European Milk Board (EMB) estimates that the percentage of subsidies in European milk producers' income rose from 44% in 2006 to 64% in 2009. Thanks to this generous system of decoupled subsidies, producers can sell their milk at a lower price, which makes it possible to export at the world price.

**THE FEDERAL GOVERNMENT HAS COMMITTED IN WRITING TO COMPENSATE FOR THE LOSSES OF PRODUCERS AND CHEESE MAKERS AND RESOLVE THE CIRCUMVENTION OF IMPORT CONTROL MEASURES.**

## OUR DEMANDS

### ON THE GOVERNMENT OF CANADA:

- **Invest the promised financial compensations in promotional measures for cheese makers and producers;**
- **End the circumvention of tariff quotas and improper classification by Canada's Border Services Agency;**
- **Impose the same production and processing requirements on imported products;**
- **Apply the new quotas for imported cheese using a management method that will benefit the producers and cheese makers concerned by investing a portion of the profits to promote cheese and develop new markets.**

### ON THE GOVERNMENT OF QUEBEC:

- **Show leadership by making sure that these measures will be comprehensive and disclosed soon, before the agreement is ratified.**