



Les
Producteurs
de lait
du Québec

Press release
For immediate release

Annual dairy market review of Les producteurs de lait du Québec

Growth and investments in the dairy industry, despite low prices for producers

Quebec City, April 12, 2017 – “Last year was hard in many ways for milk producers. However, despite certain worrying issues that we face, it was also a year of incredible growth! Production entitlement rose 8% in 2016, and has increased 15% overall since December 2014; this has never happened in living memory! We are currently producing nine million litres of milk every day: That is basically a record and very good news for us as entrepreneurs! Who said that supply management was preventing growth?” rejoiced Bruno Letendre, Chair of Les Producteurs de lait du Québec, when presenting his review of the year during the organization's Annual General Meeting.

One of the main causes of this increase comes from the over 23% growth in butterfat demand for industrial milk in the last three years, and this growth is supported by solid foundations. In recent years, the scientific community has published several studies which seem to show that there is no significant link between dairy products that are high in saturated fat and cardiovascular diseases. In addition, major food trends are focusing on more flavourful culinary experiences, which is a plus for dairy products.

More specifically, from March 2016 to March 2017, Canadian retail sales of cream rose 4.6%, 2.4% for yogurt, and 2.1% for ice cream. During the same period, butter sales rose 4.1%, while cheese sales increased 5.2%. These increases have more than compensated for the slight 1.5% decrease in total fluid milk sales. Despite the decrease in fluid milk sales, 3.25% and 2% milk sales climbed 4.6% and 0.5%, respectively, even though they had been in decline since the 80s.

“The milk fat recovery has had a major impact on the dietary habits of Canadians, but also a positive effect on our dairy farms. We cannot predict the future, but the current growth in consumption has good chances of being real and lasting,” added Mr. Letendre, while pointing out that the imminent arrival of the 17,700 tonnes of European cheese conceded by Canada under the Comprehensive Economic and Trade Agreement with the European Union (CETA) will reduce the effect of this growth for Canadian milk and cheese producers.

The growth of the dairy industry has beneficial effects on the entire economy in Quebec and Canada. In 2016, it is estimated that investments in buildings, machinery and equipment on farms surpassed the \$550 million mark in Quebec. **“More than half a million in investments, plus the ripple effects on jobs and the GDP, is huge! It shows the vitality and dynamism of our industry and our producers’ ambition to constantly improve their dairy enterprises. In addition, Quebec benefits as a whole, especially regional economies.”**

“Producers avoided the hazards and brilliantly rose to the challenge of fully meeting the growing demand from Canadian consumers. They not only achieved the objectives, but they did so in keeping with the highest quality standards. All credit to them! Through their ingenuity and agility, they showed that they are efficient and capable entrepreneurs who can adjust to the market. Our partners, the transporters and processors, also assumed their responsibilities by putting their shoulders to the wheel,” added the Chair of Les Producteurs de lait du Québec.

Farm prices have not recovered since 2014

Despite market growth and a considerable increase in production, Quebec milk producers are still confronted by a difficult situation in terms of the farm price of milk. The average price was \$70.97/hl in 2016 and \$71.46/hl in 2015, while it was \$76.33/hl in 2014. These low prices are partly attributable to the fact that butter production is one of the less profitable classes for producers because only butterfat is valued and solids non-fat are not required by the market. A growing share of these solids non-fat have to be dumped in the animal feed market, where the prices have stayed very low in recent years. These low prices are attributable to world prices for solids non-fat, which are the basis for animal feed prices. Although world prices for solids non-fat have recovered slightly in recent months, just like skim powder milk, they remain low and are affecting milk producers around the world.

Low world prices do affect a portion of the price received by Canadian milk producers, but thanks to supply management, their effect is nowhere near as great as the way they are affecting prices in other areas of the world, such as Oceania or Europe, where prices have fallen by over 50%. **“Supply management is an effective economic model against market fluctuations. It helps dairy enterprises become profitable and plan their development in a predictable environment. That is why we call on the government to keep it intact so that producers and all stakeholders of the dairy industry can continue to invest and contribute to the growth of the economy and job creation,”** concluded the Chair of Les Producteurs de lait du Québec.

About Les Producteurs de lait du Québec

Les Producteurs de lait du Québec, affiliated with the UPA, represents Quebec’s 5,473 dairy farms, which annually deliver over 3 billion litres of milk every year, for a total of over \$2.45 billion in farm receipts. Milk production and processing generate around 83,000 direct, indirect and induced jobs in Quebec and contribute as much as \$6.2 billion to the gross domestic product. Finally, they generate \$1.3 billion in tax receipts, including \$678 million for the federal government and \$454 million for the Quebec government. www.lait.org

Follow Les Producteurs de lait du Québec

Twitter [@ProdLaitQc](https://twitter.com/ProdLaitQc)

Facebook [ProdLaitQC](https://www.facebook.com/ProdLaitQC)

- 30 -

Information:

François Dumontier
Assistant Director, Public and Government Relations
Tel.: 450 679-0530, ext. 8704
Cell: 514 713-0530
www.lait.org