



Les  
Producteurs  
de lait  
du Québec

## Milk producers bear the brunt of the United States-Mexico-Canada Agreement



Dear Producers,

I will refrain from using some of my choice words to express the frustration I feel. Canada has given in to pressure from the U.S. In an effort to salvage NAFTA, it sacrificed milk producers once again, without making any real gains in the new agreement. While it is true that supply management is still intact, it has been weakened yet again by major market

concessions. How can we not feel betrayed?

When adding the access granted to the U.S. to the losses under the CETA and the CPTPP, it means that nearly 800 million litres of milk will no longer be produced by Canadian producers. The equivalent of the annual production of 1,200 average-sized dairy farms in Quebec will be permanently lost. It is not just our revenue, regional economies and food sovereignty that suffer from this loss, but some of Canada's political sovereignty as well.

In fact, Canada agreed to eliminate Class 7, which was the result of a private agreement between producers and milk processors. This was, among other things, the Canadian dairy industry's answer to the government's failure to control imported diafiltered milk from the U.S. It enabled us to offer dairy processors a Canadian alternative to that product by supplying them with ingredients at competitive prices. The trade agreement stipulates that we may develop other mechanisms for marketing dairy ingredients at the U.S. price, but we still do not know the details.

Furthermore, the government agreed to let the U.S. impose a ceiling on our skim milk powder (SMP) exports. All large milk producing countries have surplus SMP. Canada is no exception, despite supply management. By giving in to this illegitimate demand by the U.S., Canada waives a right negotiated in the WTO agreements. We are now condemned to dump a portion of our surpluses for animal feed in the domestic market or stop producing the butter associated with

that SMP and import it. Clearly, the U.S. wants to handcuff us. This will not in any way resolve the dairy crisis the U.S. is experiencing due to its complete lack of discipline in production.

We will continue to analyze the trade agreement and its impacts on our sector in the coming days. We are not without support in this new test. All of Quebec's political parties made formal pledges during the electoral campaign to support us if an agreement was concluded that adversely affected supply management. We formed a large coalition of business partners and organizations, and the citizens are behind the local producers and products.

When announcing the agreement today, the Canadian government promised to fully and properly compensate producers for the concessions that were made. That is not what we wanted. We wanted to produce milk to feed our fellow citizens and earn our income from the market. If the past is any indication of what the future holds, you can understand why I do not believe that this promise is very sincere.

It will take a few months for the partners to ratify the agreement. The market concessions will be spread over 6 years from the date when the agreement comes into force. The coming weeks and months will therefore be filled with uncertainty and turmoil for our sector. We will keep you informed of both the details of this agreement and our action plan to mitigate its repercussions as much as possible.

Bruno Letendre, Chair of Les Producteurs de lait du Québec

October 1, 2018

**Note:** Milk producers who would like more information can consult the preliminary analysis document on the extranet.