



## MESSAGE FROM THE GENERAL MANAGER

2023 marked the beginning of major projects for Les Producteurs de lait du Québec. These projects are directly aligned with the organization's mission and vision, which it hopes to achieve by 2030.



Sustainable development is so important for the future of our industry that we adopted the 2023-2027 Sustainable Development Action Plan, which sets out the priority actions that we will take to achieve our goals. We developed pivotal projects with our affiliated organizations so that the industry would have the tools it requires to meet future needs. One of these projects is estimating the enteric methane emitted by herds using milk samples. We are working with Valacta on this project, which is supported by the Quebec government's Green Economy Plan. Another project is the Carbon-Neutral Milk Living Laboratory project, which aims to improve the carbon balance on farms through co-development research with dairy farms, researchers and consulting services, under the management of Novalait. Together, these two projects represent an investment of \$10.6 million in applied research in the province and show Quebec's leadership in meeting this major challenge.

With the goal of ensuring the sustainability and growth of our production, the 10 provinces developed the Market Growth Program, which has various streams that will take gradual effect. This program is designed to stimulate and support the implementation of projects aimed at reducing structural surpluses and promoting market growth. The personnel and elected officials of the 10 provinces worked together extensively to come up with an equitable, fair and transparent framework for producers and processors that serves the economic interests of our farms. In order to comply with Quebec's legislative framework, we had to take certain steps with the Régie des marchés agricoles et alimentaires, and these efforts will continue in 2024. Finally, the federal government's announced Dairy Innovation and Investment Fund of \$333 million, of which \$109 million is reserved for Quebec, will most certainly be a welcome contribution to the investments expected by the industry.

Another important project was started at the national level in 2023. The 10 provinces agreed to review growth sharing between the pools and set up cost-sharing at the national level, in the interest of gradually increasing risk sharing between producers and ensuring greater equity. The fundamentals of sharing enshrined in our national agreements may sometimes seem far from the daily reality of producers. However, they represent one of the major strengths of the dairy industry and one of the key pillars of its sustainability.

At the federal level, Les Producteurs de lait du Québec, in collaboration with Dairy Farmers of Canada and the other provinces, reinforced the protection of supply management. Although Bill C-282 had not yet completed all the steps in the legislative process as these lines were written, it was passed by the House of Commons in June 2023. This ultimate purpose of this effort is to prevent the Canadian government from conceding more access to Canadian markets for supply-managed products during future negotiations. Given that 8.4% of Canada's market shares have been conceded in three agreements, this project is crucial and must be passed by the Senate to take effect.

All of these actions were aimed at obtaining the best results so that we could fulfill our mandate of marketing Quebec producers' milk. On that note, the results in 2023 show growth, as can be seen in the higher milk sales, which increased by 3.84% to reach \$3.375 billion. This increase came at a time of higher volumes and prices. The volume produced by Quebec dairy producers grew by 1.87% to reach 3.537 billion litres. The Canadian market grew by 1.7% during the period, while the market share served by Canadian milk increased by only 1.08%. This difference

can be explained by the 17% upsurge in imports caused by the trade agreements. The additional volume produced by producers made it possible to rebuild the butter stocks required by the market. In terms of revenue, growth came from the prices of the regular classes, which were subject to the Canadian Dairy Commission's 2.2% adjustment on February 1, 2023, and the 2.5% increase that it had exceptionally granted in advance on September 1, 2022.

The price increase in the regular classes was softened by lower world prices. After two years of higher world prices, in 2023, the average price for our solids non-fat in Class 4a fell by 33%.

Overall, the sales structure in Quebec remained stable with 18% of the milk produced on farms used for milk and cream, 11% for yogurt and ice cream, 43% for cheese, and finally, 28% for butter and ingredients. Quebec remains a leader in processing cheese and yogurt.

In closing, I would like to thank our employees at the headquarters and our regional organizations, who work every day to carry out our organization's

mission: *Bring together Quebec milk producers by providing leadership in marketing high quality milk, which meets the expectations of society, and ensure sustainable development of dairy farms.*

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Geneviève Rainville, General Manager