

Update of a report on the economic contribution of the dairy industry: Quebec dairy sector posts strong growth between 2009 and 2011

QUEBEC, Nov. 28, 2012 – The Quebec dairy industry recorded significant growth between 2009 and 2011, namely a 7.4% increase in the value of total milk sales and 6.7% in processing activities, according to an updated study by ÉcoRessources. This study was initially published in 2011 with data pertaining to 2009. This growth also resulted in a 7.4% increase in both the production sector's contribution to the Gross Domestic Product (GDP), bringing it to more than \$2.72 billion, and in tax revenue which, in Quebec, amounted to \$613 million for the various levels of government. The dairy processing sector's contribution to the GDP rose by 6.7% to more than \$2.77 billion and resulted in tax revenue of \$644 million for the various levels of government. The dairy industry's total contribution to Quebec's GDP was therefore \$5.49 billion, and its total taxes amounted to \$1.27 billion for 2011.

The dairy sector's growth resulted in a 2.2% increase in jobs for the same period, or 1,817 new jobs in two years in Quebec's production and processing sectors. In Quebec alone, in 2011, the 6,200 dairy farms provided 83,096 jobs (direct, indirect and induced) and total taxes of \$1.25 billion. By way of comparison, the Plan Nord announced by the previous Quebec government represented the creation and maintenance of 37,200 jobs, for annual tax revenues of \$780 million, while requiring an investment of \$80 billion in public and private funds.

The Chairman of the Fédération des producteurs de lait du Québec, Bruno Letendre, was delighted with these results. **"The dairy sector is truly a sustainable source of development for Quebec and Canada. The great stability stemming from our farming model, specifically supply management and collective marketing, explain to a large extent the vitality of our industry, a vitality that is more than useful to the economy of Quebec in the face of the prevailing uncertainty. Supply management and collective marketing encourage sustainable, local production of quality food at an affordable price. They allow family farms to make a living from the market, without government financial support, an exceptional feat in the agricultural world, while making a major contribution to our economy, and to the public treasury, with significant tax benefits,"** said Letendre.

The dairy industry is a leading sector of Canadian agriculture and the largest in Quebec. For the Canadian economy as a whole, approximately 13,000 dairy operations contributed more than \$16.2 billion to the GDP and generated \$3,227 million in direct, indirect and induced economic benefits. With 3,330 jobs more than in 2009, they are responsible for the creation or maintenance of more than 218,330 jobs.

ÉcoRessources' initial study unveiled in 2011 confirmed the benefits of the agricultural model used in the dairy sector, specifically supply management and collective marketing. **“The supply management system (...) limits production instead of subsidizing it. Furthermore, given that the price that producers receive for their milk is regulated, it is to their advantage to improve resource utilization on the farm. These actions allow the development of improved farm profitability, and viable, sustainable farm businesses and infrastructure, which are possibly transferable over time,** said the lead author of the study, Louis-Samuel Jacques, Assistant Director, Agrifoods and Environmental Economics at ÉcoRessources. He added that the revenue stability in dairy production has allowed the development of efficient, modern and increasingly productive farm businesses. According to ÉcoRessources, the dairy industry contributes to the economic vitality of Canada's rural regions, because one rural job creates more economic spinoffs than one job in an urban area.

About the FPLQ:

The Fédération des producteurs de lait du Québec represents the provinces 13,000 milk producers and 6,200 dairy farms.

About Écoressources:

ÉcoRessources Consultants is a firm specializing in the economics of the environment and natural resources. Since 2004, it has provided independent consulting services to private organizations, governments and para-governmental and international organizations.

The 2012 update of the 2009 study is available for consultation at:

http://www.go5quebec.ca/fr/pdf/Nolet_Retombees-economiquesetfiscales_Lait.pdf

The initial 2009 study is also available for consultation at :

http://www.go5quebec.ca/fr/pdf/Etude_du_groupe_EcoRessources.pdf

SOURCE: FEDERATION DES PRODUCTEURS DE LAIT DU QUEBEC

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