Fédération des producteurs de lait du Québec

Press release

CETA: Canada offers to double EU access to the Canadian cheese market
AN UNACCEPTABLE CONCESSION THAT THREATENS THE CHEESE INDUSTRY

Longueuil, October 17, 2013/CNW – The Fédération des producteurs de lait du Québec (FPLQ) opposes the additional 17,700 metric tons of imported cheese that Canada is willing to concede to Europe in its bid to firm up the Canada-Europe Trade Agreement (CETA) with Europe. **"This concession to Europe will have an immediate negative economic impact on Quebec's cheese industry and dairy production. Quebec's dynamism and growth opportunities will be hit hard by the concession, which primarily threatens the small artisanal cheese makers active across Quebec,"** stated Bruno Letendre, Chairman of the FPLQ.

Quebec milk producers view this move as a breach of the commitments that were repeatedly made to defend supply management during the negotiations. **"In the latest Speech from the Throne, the government reiterates that it will defend supply management in the current trade negotiations. If concessions like the one it just made to Europe is its way of defending us, we have a lot to be worried about,"** explained Letendre. Milk producers understand the importance of trade agreements to the economy, but are convinced that Canada can come to agreements that maintain the supply management system, as it has done ten times since the 1980s.

Quebec will be especially affected by this concession. With over 400 varieties of cheese, Quebec is Canada's top cheese producer. In fact, it produces over 50% of Canadian cheese and more than 60% of fine and artisanal cheeses. In addition, Quebec has seen outstanding growth in its number of small artisanal cheese makers, which has bounded by nearly 50% since 2000.

Letendre has called on the Quebec government to firmly oppose this concession, which will have major impacts on the Quebec cheese industry, a stronghold of its agri-food sector. **"The Quebec government has stated time and again that it would oppose such concessions. It must vigorously defend our industry, which is not only a source of pride for Quebecers, but also a major contributor to Quebec's economy."**

Canada' agri-food trade balance with the European Union is already in the EU's favour. It can in no way be called an even playing field. While Canada has already allocated 5% of its cheese market to imports and Europe has already cornered two-thirds of that tariff quota, i.e. 13,400 metric tons of cheese, the EU allows only 1% of its demand for dairy products and less than 0.5% of its demand for pork to be met by foreign imports.

"Supply management lets us produce our products and earn our income from the market without subsidies. For 40 years, we have focused on supplying local markets with a wide range of high-quality products, not on disrupting foreign markets with subsidized exports." Europe, however, boosts its exports through subsidies. The European

Union's Common Agricultural Policy has an annual budget in the neighbourhood of $80 billion. A recent expert's report commissioned by the European Milk Board (EMB) estimates that the share of subsidies in the income received by European milk producers rose from 44% in 2006 to 64% in 2009.

About the FPLQ

The Fédération des producteurs de lait du Québec speaks for the province's 13,000 milk producers and 6,000 dairy farms. The Quebec dairy industry provides 83,000 jobs, generates $1.3 billion in tax receipts and contributes $5.5 billion to the GDP. In the rest of Canada, this industry generates 218,330 jobs in Canada, contributes $16.2 billion to the GDP and provides $3 billion in tax receipts for the three levels of government.

- 30 -

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