



Les
Producteurs
de lait
du Québec

Press release *For immediate release*

2015 Semi-Annual General Meeting of Les producteurs de lait du Québec

Provided we stay Strong and United, determined and relentless, we can be confident in the future of our farms, our products and our sector!” – Bruno Letendre

Quebec City, November 26, 2015 – During his speech at the Semi-Annual General Meeting of Les Producteurs de lait du Québec, Chairman Bruno Letendre affirmed that he wanted to give Canada's new government a chance to prove itself in defending supply management, especially as concerns developments in the Trans-Pacific Partnership (TPP) agreement and the Comprehensive Trade Agreement between Canada and the European Union, as well as in tightening import controls for milk protein concentrates. **“We will give the government the benefit of the doubt. Expectations are high and we hope that concrete action will be taken in the first few months of office. The government has not yet announced its intention to ratify the TPP, but if it does so, paying the compensation promised by the previous government is the least it must do,”** he declared.

“As for the circumvention of customs controls, we have asked the next government to commit to solving these problems in the first few months of office. The solution to the problem of imported diafiltered milk is political. The Canadian government has to decide. That is what we unsuccessfully demanded from the conservative government. We were told that we would have to wait until the end of the TPP negotiations. These negotiations are now over. The government has to understand that investing in impact mitigation measures and fulfilling its responsibility of controlling imports are constructive ways of maintaining the major economic benefits of our sectors in Canada,” explained Mr. Letendre.

According to Mr. Letendre, Canada should not hesitate to take the necessary measures to end diafiltered milk imports. **“The United States, which is where our diafiltered milk comes from, does not hesitate to protect its market when necessary. In mid-October, it raised its tariff for imported butter by USD \$510 per tonne to \$2,051 per tonne in an effort to block European imports that were successfully penetrating the US market to compensate for the loss of the Russian market.”**

Furthermore, Mr. Letendre said that he was disappointed by the mandate letter from Prime Minister Trudeau to the Minister of Agriculture, which did not make any reference to defending supply management or stricter measures to stop the circumvention of border controls. It should be remembered that supply management was one of the main issues of the last federal electoral campaign due to the TPP negotiations and the problems with imported diafiltered milk, a product specifically designed to circumvent both the tariff measures and the limit under the cheese compositional standards for adding milk ingredients other than those that come directly from milk. At the end of the electoral campaign, Les Producteurs de lait du Québec obtained commitments in writing from the main federal political parties concerning the circumvention of border controls and compensation for producer losses. The Liberal Party of Canada made promises in writing concerning both demands: It promised to "review the standards, rules and practices in force with respect to imported food products, particularly milk proteins," and to "carefully examine the issue of farmer compensation based on the terms of the agreement reached (...) in consultation with the targeted sectors."

When the TPP agreement was announced, the government promised a \$4.3 billion envelope to compensate commodity-managed producers and processors. The agreement was made public just over two weeks ago. Les Producteurs laitiers du Canada estimated that the concession would vary instead between 3.4% and 4%, depending on optimistic or pessimistic scenarios, rather than the 3.25% announced and would cause between \$190 and \$250 million in annual losses for producers. At

first glance, Canada's concessions are proportionally greater than those offered by the United States and Japan to other countries.

"We were extremely disappointed by Canada's latest concession, after the one made to the European Union two years ago. However, our determination and concerted efforts have most certainly curbed the damage. Our Strong and United campaign during the electoral campaign allowed us to move the issue of diafiltered milk into the public arena, as well as the issue of protecting supply management in the TPP negotiations. We can be proud of what we have accomplished through our concerted efforts. According to Influence Communication, an agency that measures the prominence of news in the media, at the peak of our campaign, the TPP was one of the three most broadly covered issues in Canada. We made supply management one of the federal election issues in Quebec. That is definitely something!" stated Bruno Letendre. Public support was also apparent. A Canada-wide survey commissioned by DFC and published in July revealed that 91% of Canadians thought it is important for the dairy products they consume to be Canadian and 85% thought it is important for the Canadian government to protect the dairy industry in all free trade negotiations.

"We face many major issues, but we also have many reasons to be confident in the future of our sector. There is no threat of trade negotiations in the foreseeable future. We are now working to solve the border problems and finalizing a proper compensation plan for the concessions made under the TPP and the CETA. Demand for our dairy products is growing and we are making progress in our proAction initiative, the only mandatory certification program in the world to cover six areas, including animal care and the environment, which will set our milk apart by meeting society's expectations. Defending supply management and collective marketing, just like improving the profitability of our businesses, are never-ending tasks. Provided we stay Strong and United, determined and relentless, we can be confident in the future of our farms, our products and our sector!" concluded Bruno Letendre.

About Les Producteurs de lait du Québec

Milk production generates around 83,000 direct, indirect and induced jobs in Quebec and contributes as much as \$6.2 billion to the gross domestic product. Finally, it results in \$1.29 billion in tax receipts, including \$678 million for the federal government and \$454 million for the Quebec government. Les Producteurs de lait du Québec, affiliated with the UPA, represents Quebec's 5,856 dairy farms, which annually deliver nearly 3 billion litres of milk every year, for a total of over \$2.4 billion in farm receipts.
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