



Les
Producteurs
de lait
du Québec

Reply of Les Producteurs de lait du Québec to the opinion « Le Bordel diafiltré » of Sylvain Charlebois, published in La Presse plus, May 6, 2016.

http://plus.lapresse.ca/screens/419a87f0-6d16-4515-8a75-23ba9d4f8315%7C_0.html

THE CHAOS OF GLOBALIZED MILK

To sort out what he calls the “diafiltered mess,” Sylvain Charlebois suggests “opening our market to the rest of the world.” Let’s correct our mess by plunging right into the chaos! A better strategy would be hard to find.

For over a year now, the global dairy market has been going through a profound crisis, the second since 2008. Producers are bearing the brunt of this crisis as a result of brutal price declines. The causes of this new chaos are waning demand in China – which is often made out to be El Dorado and the export market of the future; the Russian embargo on European products and the sudden increase in European milk production... due to a lack of supply management, which was abandoned in 2015. Only 8% of the world’s milk production is exported. Yet, this marginal market dictates the domestic price of exporting countries.

In Europe, milk producers have seen their income fall by around 30% over the last year. The European Union had to release €500 million in emergency aid, in addition to the some €60 billion in annual agricultural assistance it provides under its Common Agricultural Policy. Despite all these subsidies, the producers in Europe cannot make ends meet.

In New Zealand, which exports over 90% of its production, the situation is even worse. Milk producers there have seen their income more than halved. Farm debt has tripled in the last three years and 85% of the producers are producing at a loss. And you know what? Consumers are not really benefiting from the situation. They pay more for their litre of milk than Canadians do.

An American milk producer gave a testimonial at the Annual General Meeting of Les Producteurs de lait du Québec in April 2015. His message: Defend supply management as if your lives depended on it. And Bill Rowell is no small producer. His farm in Vermont has nearly 1,000 cows. His selling price went from \$27 for 100 lb of milk in 2014 to around \$17 for 100 lb in 2015. That’s a price decline of nearly 37%. One year later, the situation is worse. The United States is swimming in milk surpluses and suffering from the repercussions of the export market slump.

Mr. Charlebois asks us to explain to Canadians why we have not opened our market to the rest of the world. To avoid this chaos. To continue earning a decent living from our production without depending on government subsidies, like our fellow European and American milk producers.

Diafiltered milk was designed by our neighbours to circumvent Canadian customs tariffs and to dump their surpluses on us. Classified as an ingredient at the border because of its high concentration of proteins, it enters Canada tariff-free and in unlimited quantities. The problem is that once it is here, the Canadian Food Inspection Agency treats it as if it was milk, not an ingredient, and allows it to be added to our cheese in quantities beyond what is permitted by Canadian standards. If inconsistency and ridiculousness were causes of death, there would be

a high mortality rate in Ottawa. It is either milk and therefore subject to customs tariffs or an ingredient that may be added to cheese up to a certain limit.

Last year, this scam, in which the government is an accomplice, caused us to lose around \$220 million. Milk producers are not the only ones to bear the costs of the government's laxity. The poultry sector, another supply-managed sector, lost \$139 million due to Canada's negligence in controlling its own borders and enforcing its own regulations.

The American cows used to produce diafiltered milk are often milked by underpaid, illegal immigrants. American producers are allowed to use somatotropin, a growth hormone banned in Canada. U.S. production is concentrated in very large corporations. Is that the model we want here?

In Quebec, the dairy sector generates 83,000 jobs, adds \$6.2 billion to the GDP and contributes \$1.3 billion in taxes. Our farms will not be relocated; they provide work for Quebecers. We are not asking the government for subsidies, just a little consistency and honour. Canada has a right to exercise its sovereignty and enforce its regulations. Now it just needs to do so.

Alain Bourbeau, General Manager
Les Producteurs de lait du Québec