



Les
Producteurs
de lait
du Québec

Press release
For immediate release

Official signing of the CETA

Ottawa must announce the promised compensation packages to the dairy sector soon

Longueuil, October 30, 2016 – Now that Canada and the European Union (EU) have officially committed to the ratification process of the Comprehensive Economic and Trade Agreement (CETA), the Trudeau government must not delay in announcing the promised compensation program to the dairy sector. **“The government promised to compensate our losses when the agreement came into force, so there is no reason not to act. The federal government needs to make good soon on its repeated promises to compensate milk producers and the cheese sector”** stated Bruno Letendre, Chair of Les Producteurs de lait du Québec.

Under the CETA, Canada grants the EU additional market access for 17,700 tonnes of cheese, including 16,000 tonnes of fine cheese, which will more than double the quantity of European cheese exports in our market. As a result, Canadian producers will permanently lose 2% of their total dairy production, which is more than the annual production of the some 300 dairy farms in Saguenay – Lac-Saint-Jean.

The 16,000 tonnes of fine cheese from the EU accounts for around 30% of this niche market in Quebec, where Canadian production is mainly concentrated. Europe is the world's largest cheese producer. The size of its cheese companies, its longstanding tradition of producing fine cheese, as well as the generous subsidy program under its Common Agricultural Policy (CAP), give it advantages that Canadian milk producers and cheese makers cannot compete with.

This market loss will be costly to producers and the cheese sector. **“Once the Agreement comes into force, Canadian producers will sustain roughly 150 million dollars in permanently lost sales (gross revenue) every year. The cheese sector will also suffer approximately 150 million dollars in lost sales. This is a huge setback for producers and especially for the fragile artisanal cheese sector, a market which milk producers have helped develop through promotional investments”** explained Mr. Letendre.

In the middle of the fall 2015 electoral campaign, when the agreement in principle for the Trans-Pacific Partnership (TPP) was announced, the Harper government unveiled a compensation plan for the sector. This plan included a program in which 2.4 billion dollars would be paid over 15 years to cover lost producer income in connection with both the CETA and the TPP. The Harper government's plan also included a \$1.5 billion quota value guarantee program and a \$450 million program to modernize the processing sector. **“We consider the programs announced by the Harper government to be the bare minimum. We expect the equivalent from the Trudeau government for the losses caused by the CETA”** added Bruno Letendre.

The competent federal ministers have publicly acknowledged that compensation packages are important to counteract the negative impact of the trade agreements: **“An appropriate**

mitigation package is necessary for the Canadian dairy industry," stated Lawrence MacAuley, Canadian Minister of Agriculture and Agri-Food, and Chrystia Freeland, Minister of International Trade, on May 2. **“Producers have waited long enough. The time for talking is past. Now we need to see some action and investment in our sector, which hopes to continue making a significant and sustainable contribution to the Canadian economy!”** concluded Mr. Letendre.

About Les Producteurs de lait du Québec

Les Producteurs de lait du Québec, affiliated with the UPA, represents Quebec’s 5,624 dairy farms, which annually deliver nearly 3 billion litres of milk every year, for a total of over \$2.38 billion in farm receipts. Milk production and processing generate around 83,000 direct, indirect and induced jobs in Quebec and contribute as much as \$6.2 billion to the gross domestic product. Finally, it generates \$1.29 billion in tax receipts, including \$678 million for the federal government and \$454 million for the Quebec government.

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Information:

François Dumontier
Assistant Director, Public and Government Relations
Tel.: 450 679-0530, ext. 8704
Cell: 514 713-0530
www.lait.org