



Les
Producteurs
de lait
du Québec

Press release *For immediate release*

2016 Special General Meeting of Les producteurs de lait du Québec **Ottawa must improve its compensation program for the CETA and solve the import management problems**

Quebec City, November 17, 2016 – In his address to the milk producers attending the Special Annual Meeting in Quebec City, Bruno Letendre, Chair of Les Producteurs de lait du Québec, sent a clear message to the federal government to improve its compensation program for the Comprehensive Economic Trade Agreement (CETA) between Canada and the European Union. **“The amounts announced last week are definitely insufficient. Just considering the losses caused by the CETA, between 750 million and one billion dollars would be necessary to compensate producers at the same level as announced by the previous government,”** stated Mr. Letendre.

As a reminder, the CETA, which should come into force provisionally in 2017, ultimately grants the Europeans guaranteed market access for 17,700 tonnes of cheese per year. This represents 110 to 150 million dollars in lost milk sales per year for Canadian milk producers. With the CETA set to come into force, the federal government announced last week a program worth 350 million dollars that will invest in updating equipment and infrastructures in the sector. This amount will be broken down into 250 million dollars over five years for milk producers and another 100 million dollars over four years for processors. Compared to the value and the impact of the concessions made, these amounts are definitely insufficient. For the average farm, this equals around \$4,000 per year for five years.

Ottawa indicated that this money will need to be matched by an investment on the part of the producer to improve the producer's infrastructures. The problem is not investing an equivalent amount, but rather that the amount is disproportionate to the \$10,000 in lost annual income per Canadian farm over a lifetime.

“A more substantial commitment would create economic activity across Canada. After all, we will not relocate our jobs somewhere else. The money will provide work for Canadians and help the Canadian economy grow. We hope that the government responds favourably to these proposals,” added the Chair, Bruno Letendre.

NAFTA

Mr. Letendre is also worried about talks in the political arena about a potential renegotiation of the North American Free Trade Agreement (NAFTA). **“Donald Trump's election is worrying as far as we are concerned. Prime Minister Trudeau has said that he is open to renegotiating NAFTA. Our agricultural policy was excluded from the Free Trade Agreement with the United States and NAFTA. As far as we are concerned, putting our policy on the negotiating table like the government did for the CETA is out of the question,”** added Mr. Letendre.

“We are not opposed to Canada signing free trade agreements. But Canadian milk producers want to continue receiving a fair income from sales of their milk, without depending on subsidies. That is why we have always demanded that supply management be excluded from free trade negotiations, as was always the case before the CETA. Like all countries that want to protect their strategic or sensitive sectors in trade negotiations, Canada has every right to demand this exclusion,” explained the Chair of Les Producteurs de lait du Québec.

Diafiltered milk and the duty deferral program

Beyond the climate of uncertainty and concern raised by the trade agreements, some tricky issues are hanging in the balance and do not seem to be part of the federal government's short-term priorities. Lax management of imports, including the duty deferral program and the handling of diafiltered milk, which is not considered an ingredient according to the cheese compositional standards, undermines the demonstrated effectiveness of the supply management system and threatens both dairy enterprises and the jobs of many families here.

“We are also very disappointed that the federal government has not taken advantage of the announcement of the CETA compensation program to resolve the other import management-related problems and the enforcement of its own rules on cheese compositional standards. We are not going to give up on these issues. That’s a promise from milk producers. And we keep our promises!” said Bruno Letendre emphatically.

Agreement with the processors

Meanwhile, the agreement in principle reached earlier this year with processors will specifically make it possible to enhance the value of milk solids non-fat and encourage the modernization of Canadian processing infrastructures so that the entire range of dairy ingredients used in our dairy products can be produced here. **“This agreement should help stabilize our revenues and encourage our sector’s growth in the future,”** concluded Bruno Letendre, Chair of Les Producteurs de lait du Québec.

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 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. www.lait.org

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