



Les
Producteurs
de lait
du Québec

Rebuttal by Les Producteurs de lait du Québec to the piece entitled "La face cachée de la production laitière" (The Hidden Face of Milk Production) by Sylvain Charlebois, which was published by the La Presse + on March 1, 2017 and by the La Voix de l'Est on March 3.

*This rebuttal was published by La Presse + on March 3, 2017:
<http://linkis.com/plus.lapresse.ca/scr/AaYNO>*

Alternative Facts on Farms

Rarely do our opinions converge, but we fully agree with Sylvain Charlebois when he acknowledges that "eliminating the supply management system would be a mistake" in his piece on March 1. He also gives us an opportunity to point out the many benefits of the model and to counterbalance the unfair trial he gives it once again, based on alternative facts.

We work hard to feed our country and we are proud of it. We have collectively chosen supply management because it is the best way to manage the risks involved in the vagaries of our industry. We do not receive any subsidies to support our revenue, in stark contrast to our neighbours to the south and our friends in Europe, where taxpayers pay billions in agricultural subsidies to keep the industry from collapsing as a result of recurring crises. It is also false to claim, as Mr. Charlebois does, that European subsidies are linked to performance indicators. The subsidies granted under Europe's Common Agricultural Policy are paid to all agricultural land owners based on the surface area of the land, but do not take into account the profitability of their enterprise.

Meanwhile, our American neighbours receive the direct and indirect subsidies set out in the Farm Bill adopted in 2014, which includes a budget of USD \$1,000 billion over ten years. Furthermore, the U.S. also has competitive advantages that are hard for us to compete against, such as access to low-cost labour. According to the Farm Bureau, half of the workforce on U.S. dairy farms is made up of illegal workers. Even American dairy farmers admit that the price of milk would double if Donald Trump deported this workforce. Is this the example of modernizing supply management that Mr. Charlebois wants to follow? Subsidizing production and underpaying the workforce to reduce the production cost?

Mr. Charlebois insists that supply management has not succeeded in preserving family farms. In Quebec, the average farm has around 60 cows. By comparison, in the western U.S. where the vast majority of milk is produced, the average herd has over 1,000 cows.

With this model, only 350 farms in Quebec, instead of the some 5,400 still active today, would be required to produce the same quantity of milk! Yes, the number of farms is decreasing here, but not as much as elsewhere. In the last 10 years, the number of farms has fallen 37% in France, 33% in the United States, 31% in Australia and 23% in the province.

Would Canadians pay less for milk without supply management? According to Nielsen, in 2015, a litre of milk sold for \$1.46 on average in Canada, while in New Zealand, where the farm price of milk is the lowest in the world, it sold for \$1.69 per litre.

Does supply management harm innovation? Canada is a world leader in dairy genetics. The value of semen and embryo exports increased from \$68 million in 1988 to \$140 million in Canada in 2015. Not bad for a non-innovative industry.

Does supply management harm innovation in processing? Quebec produces one of the most varied cheese plates in North America, with over 500 varieties of fine cheese; this industry has literally boomed in the last 25 years. Supply management has allowed cheese makers to develop quality products that are highly prized by consumers. However, along with producers, this industry will have to deal with unfair competition from subsidized European cheeses.

Another example of innovation is the ingredient strategy agreement reached by all producers and processors in Canada in July 2016, contrary to the claims of Sylvain Charlebois, who states in his piece that producers and processors have still not come to an agreement. All of the industry's stakeholders are forming a common front to modernize our industry. Mr. Charlebois should bring his information up to date.

The supply management reform proposed by Mr. Charlebois involves nothing more than keeping its name but abandoning everything that makes it effective. A study by Boston Consulting Group, which was published last year by Agropur, concluded that Canadian GDP may be hit by a net loss of \$2.1 to \$3.5 billion and 24,000 direct jobs may be threatened if supply management were abandoned. Taking the path that he suggests would mean passing on the bill for these losses to taxpayers, without any guarantee of savings for consumers. Canada is therefore right to continue defending supply management, "an example to the world," as Lawrence MacAulay, Canada's Minister of Agriculture, recently called it.

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