



Les  
Producteurs  
de lait  
du Québec

**Press release**  
*For immediate release*

## **NAFTA: The United States' demand to end supply management is totally unacceptable**

**LONGUEUIL, OCTOBER 16, 2017** — Several media outlets are reporting that the United States has demanded a gradual phase-in of more market access until supply management is completely eliminated. Bruno Letendre, Chair of Les Producteurs de lait du Québec, had the following reaction to this news: **“This proposal is totally unacceptable! It is just one of a series of exaggerated demands by the U.S. in other sectors of the negotiation. We continue to support the Canadian and Quebec governments in their efforts to keep supply management fully intact and we appreciate their firm rejection of this demand.”**

In fact, the Canadian government has already signalled in its response that this demand is unacceptable, calling it **“a non-starter.”** The Quebec government did likewise. This proposal is part of a series of other U.S. demands that Canada and Mexico consider unacceptable regarding the automotive sector, dispute resolution and the so-called “sunset” clause.

On August 14, just as the first round of negotiations was about to begin, Foreign Affairs Minister Chrystia Freeland presented Canada’s objectives in these terms: **“Canada will uphold and preserve the elements in NAFTA that Canadians deem key to our national interest – including [...] the exception in the agreement to preserve Canadian culture; and Canada’s system of supply management.”** As a reminder, on September 26, all parties in the House of Commons in Ottawa backed a motion stating that it was necessary to reiterate the desire **“to fully preserve supply management during the NAFTA renegotiations.”**

### **A trade balance already to the advantage of the United States**

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Since NAFTA was implemented in 1994, agricultural trade between Canada and the United States has grown a lot, much to the advantage of our neighbours. In 2016, the United States profited from an agricultural trade surplus of \$2.2 billion with Canada. And contrary to popular belief, the trade balance for supply-managed products – milk, eggs, poultry – is largely to the advantage of the United States. For instance, between 1993 and 2016, the value of U.S. dairy products sold in Canada went from \$50 million to \$557 million. Last year alone, three-fourths of Canadian imports of dairy products came from the United States. Our trade deficit in this sector reached \$445 million.

### **The U.S. market is subsidized and less accessible than the Canadian market**

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**“Supply management is a legitimate agricultural policy and the Canadian government is right to defend it,”** added Mr. Letendre. On the one hand, supply management allows Canadian milk producers to receive a fair price directly from their market, without the government having to support their income through direct subsidies. On the other hand, U.S. agricultural policy (Farm Bill) distributes US \$1 trillion per year to its sector. Due mainly to this subsidy policy, which is not on the negotiating table, the U.S. market is far from accessible: Canada imports 10% of its dairy products; the United States imports just 3.5%.

## **About supply management**

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Supply management is the system by which milk, table and hatching egg producers, as well as poultry and turkey producers, strike the best possible balance between supply and demand by Quebec and Canadian consumers for their products. Canadian producers under supply management rely entirely on the market price and receive no direct government subsidies to support their incomes.

## **About Les Producteurs de lait du Québec**

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Les Producteurs de lait du Québec, affiliated with the UPA, represents Quebec's 5,473 dairy farms, which annually deliver over 3 billion litres of milk, for a total of over \$2.45 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 (GDP). Finally, they generate \$1.3 billion in tax receipts, including \$678 million for the federal government and \$454 million for the Quebec government. [www.lait.org](http://www.lait.org)

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## **For more information on supply management and NAFTA:**

[http://lait.org/wp-content/uploads/2017/10/Fiche\\_ALENA\\_2017.pdf](http://lait.org/wp-content/uploads/2017/10/Fiche_ALENA_2017.pdf)

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