



Les
Producteurs
de lait
du Québec

PLQ Information Days
Daniel Gobeil' speech
November 18, 2020

Dear producers and guests, welcome to the information days of Les Producteurs de lait du Québec.

We have a very special format this year due to the pandemic. One portion of our program will be reserved for delegates only, and another will be open to everyone. I would like to take this opportunity to greet all those who are joining us on social media.

Because the virtual format of our meeting makes it impossible to hold discussion tables, we must use this opportunity to share information that will enable producers to effectively understand our issues and advance our thinking. Over the years, we have always shown that we are capable of adapting and facing up to different challenges. The current situation is no exception.

We hope that we can return to a more participatory format soon. The PLQ is always concerned about getting members to participate. That's what makes our organization strong. The real debate will always take place during the meetings, in person. Hearing other's ideas puts things back into perspective and moves discussions forward.

In the meantime, the delegates who are logged in to the Teams event will be able to send their questions by chat, just like you would have done with the microphone at a regular meeting. Questions will be answered after each presentation. You will also have a chance to ask questions that are not related to the presentations. You can send them to us throughout the meeting and they will be answered during the question period at the end of the 2nd day, which is tomorrow.

I would like to start off the meeting by reviewing this eventful year for us. Just like everyone in Quebec, and the whole planet, the dairy industry has been hit particularly hard since March 2020 by the troublesome COVID-19 situation.

We wasted no time in taking the necessary actions to slow the spread of the disease. Health, prevention and biosecurity measures were stepped up from farms to plants in an effort to reduce the negative consequences on our dairy chain.

Some tough decisions had to be made quickly to reduce production on farms, such as cutting quotas and limiting the tolerance days that could be recuperated. This was necessary to adapt to the market's unstable and chaotic needs. The speed with which we succeeded in reducing the effects of the crisis shows just how agile our supply management model is. On that note, I would like to mention the solidarity, collaboration and discipline of all Quebec producers, because our efforts yielded results.

We showed this in the spring when we donated huge volumes of milk to food banks along with processors. In total, we donated around 4 million litres of milk in addition to the regular milk donations we made as part of our annual program.

I am also very proud of the way in which all actors in the industry worked together to find solutions to the constantly fluctuating market. Given the circumstances, we achieved rapid results by sharing information and taking consistent actions.

Together with our governments, food production was recognized as an essential service in Quebec. An exemption was made for transporting food products in spite of the thaw period, while the driving times and distances covered by suppliers between regions were relaxed. These are just two examples of this synergy. We were also able to ensure that tens of millions of litres of milk could be processed thanks to the new national cheese storage program.

Often, in recent months, we have heard governments and the public express a desire for greater food independence. The goal of consuming local, eco-friendly products and reducing our dependency on foreign products is a shared one. This desire for independence is at the heart of the supply management system and we need to seize this opportunity to keep showing our system's relevance.

The pandemic has also impacted our price.

After the price of milk dropped sharply in April, it returned to a decent price starting in May. Even though we have returned to a more acceptable average since the summer, we have had to cope with a lot of fluctuation, when we are usually accustomed to greater price stability thanks to our system. On top of that, our revenue is definitely lower than what was projected for 2020.

That is why all the provinces came together and asked the Canadian Dairy Commission to trigger the consultation mechanism for exceptional circumstances in view of adjusting the price for February 2021.

At the end of the public consultations, the CDC announced a 2% price adjustment for Classes 1 to 4 early in the month. The adjustment will be effective on February 1, 2021 and have an impact of approximately \$1.46 per hectoliter on average revenue. This will partially compensate for the months of revenue that were under the cost of production.

Even though there is hope that the worst of the crisis is behind us, we need to keep up our guard and pay attention to market signals. We also need to consider the way the Canada–United States–Mexico Agreement influences our production volumes now that it is force.

With CETA and the CPTPP, 8.4% of our markets were conceded to other countries by our federal government. At the Canadian level, this represents \$450 million in annual milk sales on farms. For Quebec, it represents \$165 million per year of primary economic activities that our regions will never recoup.

For over a year now, Prime Minister Justin Trudeau, Deputy Prime Minister Chrystia Freeland and Agriculture Minister Marie-Claude Bibeau have reiterated that milk producers will be compensated for the losses caused by these concessions. This commitment has been repeated many times over, including in the Speech from the Throne in October.

In recent weeks, Agriculture Minister Marie-Claude Bibeau has made several public outings to tell producers that they can expect to receive cheques by the end of the year. However, the federal government has yet to make anything official yet.

It shouldn't be that complicated! For CETA and the CPTPP, compensation was announced back in the federal budget of March 2019. Payments were scheduled over eight years. The first payment was made last year. The payment structure is in place and the government already has our figures. We should not have to fight this battle over again every year to obtain compensation that was already announced! Our farms also have to budget and need to know whether they can count on the money that was promised to them for the next seven years.

To make matters worse, the federal government has still not made a commitment on the losses we suffered under the Agreement with the United States and Mexico. Yet, that same agreement came into force in July of this year, and the impacts can already be felt in our markets. The impacts are even greater than anticipated because the agreement came into force early, which could have been avoided.

We are well aware that the first months of the COVID-19 pandemic required the government's full attention and still require much of it. However, the trade agreements are now in effect and the damage is real. At this stage, an announcement outlining the terms and conditions for our promised compensation would not harm its pandemic efforts in any way.

We too have had to make adjustments in response to the unusual market fluctuations. Our farms have been heavily affected, whether we're talking about production management, tighter biosecurity measures, delayed and cancelled supplier services, or the painful revenue losses.

The compensation we claim is only a fraction of the real long-term losses that our sector will incur due to these market concessions. The economic shock that our enterprises will have to absorb is huge and will cancel out much of the market growth that our farms were in a position to fully fill, thanks to our previous investments.

Our farms cannot relocate abroad. Milk producers invest over \$500 million every year to upgrade their buildings, equipment and machinery. That's \$3 billion that has gone back into our regional economies in the last five years. The compensation paid to producers will be spent and reinvested here.

COVID-19 has had and will continue to have financial impacts on our industry, in addition to the losses we have incurred under the trade agreements. Without a clear commitment from the government on long-term support for the dairy industry, all of these negative impacts combined will weaken our enterprises and affect their ability to create the jobs and make the investments that benefit our regional economies.

We have expressed this message time and again to the government's representatives and we continue to put pressure on it. We know that you are not happy that you have to keep fighting for this. We aren't either. We have been fighting this battle for 7 years. Harper's government made the first commitments after CETA was concluded in 2013. Seven years later, we are still pressuring the government to obtain the promised compensation. It's time for this to end! Our patience has its limits!

Chrystia Freeland has been in charge of finance since the beginning of August. It is now her responsibility to deliver the compensation that she herself promised while standing next to the Prime Minister. We have waited long enough; it is now time for action!

In addition to the compensation payments, it is high time that the government officially commits to stop making concessions that hurt the supply management system in upcoming trade agreements. All the federal parties elected to the House of Commons made very clear commitments during the electoral campaign that they would not make any more concessions in our sectors. Words are no longer enough. Our trust has been abused all too often. The Bloc Québécois has tabled a bill that seeks to amend international trade legislation along these lines. We encourage all parties to show their official support for milk producers by voting in favour of this bill.

In closing, I would now like to give the microphone to our new General Manager, Geneviève Rainville, who will discuss business continuity during the pandemic.

I will take a few seconds to introduce her to you, even though she is already well known to us, because she served as the Director of our Economic Studies Department for over 12 years. During that time, she demonstrated her tremendous analytical skills and an ability to explain complicated concepts and situations to milk producers. Her in-depth knowledge of the issues and her professional qualifications make her an asset to our organization. I'm certain that she will perform her new duties with the same level of commitment.

Over to you Geneviève.