



Les  
Producteurs  
de lait  
du Québec

**SUPPLY MANAGEMENT  
AND COLLECTIVE  
MILK MARKETING**





## LES PRODUCTEURS DE LAIT DU QUÉBEC

### MISSION<sup>1</sup>

TO BRING TOGETHER QUEBEC MILK PRODUCERS BY PROVIDING LEADERSHIP IN MARKETING HIGH-QUALITY MILK, WHICH MEETS THE EXPECTATIONS OF SOCIETY, AND TO ENSURE SUSTAINABLE DEVELOPMENT OF DAIRY FARMS.

<sup>1</sup>Mission adopted by resolution of the Annual General Meeting of Les Producteurs de lait du Québec on April 15 and 16, 2015.

# FEED OUR OWN PEOPLE FIRST

## **Supply Management and Collective Milk Marketing**

Most major countries have laid the foundations for a prosperous economy primarily by developing their agricultural sector. Since the Great Depression of the 1930s, most States have intervened to solve what economists called “the farm problem” in reference to the weakness and chronic instability of farm incomes. The “agricultural exception” has justified special treatment for the sector. As a result, governments have implemented support policies, market regulation and measures to exclude agriculture from trade agreements.

However, beginning in the 1980s, there was a strong wind of economic liberalism in favour of State withdrawal and the opening of agricultural markets. The World Trade Organization, the World Bank, the International Monetary Fund and a number of States believed that the free market would solve the “farm problem” and ensure world food security.

But more than forty years of that policy have solved nothing. The recent food and agricultural crises are primarily due to the abandonment of policies fostering a degree of food self-sufficiency through local production and protection of the domestic markets of the most severely affected countries. There will be no lasting solution to these problems without recognizing the right of States to adopt their own agricultural policies so as to ensure a measure of food sovereignty to their population. The current health crisis has highlighted citizens’ renewed interest in local food. It has also revealed that the agri-food chain is fragile and food security primarily depends on food independence.

Dairy supply management has been in place in Canada since 1971. It ensures local production of high-quality food while providing producers with stable and equitable income, derived entirely from the marketplace, without income support subsidies and without dumping surplus products on the markets of developing countries. Along with collective marketing, it is a concrete model for the application of food sovereignty for Canadian milk producers and consumers and to improve food security in the country.

# LES PRODUCTEURS DE LAIT DU QUÉBEC

## COLLECTIVE MILK MARKETING AND SUPPLY MANAGEMENT

Les Producteurs de lait du Québec is a democratic organization, whose directions are set in the general meetings of its members, and are administered by a board of directors made up of the presidents of the 14 regional boards. Affiliated with the Union des producteurs agricoles (UPA), the organization works to defend and promote the general interests of its members.

### **Collective Milk Marketing**

Quebec's 4,643 dairy farms collectively market more than 3 billion litres of milk through the Plan conjoint (1980) des producteurs de lait du Québec. They have delegated to their organization the responsibility for negotiating all sales conditions on their behalf with the processors' representatives. The producers and processors negotiate and work together through marketing agreements and the various resulting committees on questions of plant supply, milk quality rules and raw material prices. These prices are indexed, taking into account the production costs of the farms and the Consumer Price Index.

The conditions of transporting milk from the farm to the plant, the costs of which are borne by the producers, are negotiated with the carriers by the organization in a provincial agreement. This collective marketing system enables milk producers to draw their income from the marketplace without government subsidies.

### **Supply Management**

Quebec and Canadian producers manage their production to meet all domestic requirements. The representatives of producers in all provinces, in consultation with the industry, set an annual production target called market sharing quota. When production exceeds this target, producers are responsible for the consequences.

The proceeds of all milk sales are pooled by the producers who receive an average price based on their monthly milk deliveries within the target.

The quality of the milk they market is an important concern for producers. Various quality improvement programs are managed by the organization. Producers also invest more than \$47 million annually in promotion and advertising of milk and dairy products, as well as in research.

## Collective milk marketing by producers provides...

- A single spokesman to negotiate all marketing conditions
- A fair, uniform and stable price to all producers for the milk they put on the market
- Production adjusted to market requirements
- A guaranteed supply to processors on the same conditions and at the same prices for everyone, also available to new businesses
- Priority to high value-added and developing markets
- High standards of quality negotiated with the processors
- Investments in promotion, advertising and nutrition education
- Joint investments by producers and processors in research
- Centrally coordinated routing of milk to 116 plants in Quebec
- Provincial negotiations for optimum milk transportation conditions
- A single average rate for all producers to have their milk transported...
- By 299 tank trucks...
- That travel 30 million kilometres a year...
- On 634 streamlined pickup routes

## PROFILE OF THE QUEBEC DAIRY INDUSTRY – 2021

### ON FARMS

Number of dairy farms	4,643
Number of owners	10,350
Production volume	3.456 billion litres of milk
Value of production	2.864 billion dollars
Annual investments in machinery, equipment and buildings	431 million dollars

### WEIGHT OF QUEBEC'S DAIRY INDUSTRY

Share of dairy receipts in Canada	36%
Share of agricultural receipts in Quebec	24%

### ECONOMIC BENEFITS

	Primary sector	Processing sector	Total
<b>Employment</b>			
Direct jobs	20,298	7,469	<b>27,767</b>
At providers of goods and services	14,294	8,709	<b>23,003</b>
Individuals whose income depends on the dairy industry	9,108	4,958	<b>14,066</b>
<b>Total</b>	<b>43,700</b>	<b>21,136</b>	<b>64,836</b>
<b>Economic contributions (in millions of dollars)</b>			
Contribution to GDP	\$3,149.0	\$2,162.7	<b>\$5,311.7</b>
Tax revenue	\$646.4	\$382.2	<b>\$1,028.6</b>

Sources: Les Producteurs de lait du Québec, Groupe AGÉCO: *Survey of production costs of Quebec dairy enterprises, 2020*, and data from *Economic Benefits of the Canadian Dairy Industry in 2018*, conducted by CoopCarbone Consultants in July 2020, whose main data source is Statistics Canada's *Monthly Survey of Manufacturing*.

# LES PRODUCTEURS DE LAIT DU QUÉBEC

## ALMOST 40 YEARS OF COMMITMENT

Through collective efforts, dairy producers demonstrate commitment and corporate social responsibility towards their society. In addition to helps feed the population with healthy products, dairy producers are firmly rooted in their regions because of the economic impacts they generate locally, their contributions to regional vitality, and their involvement in their communities.

Through its sponsorship program, dairy producers supports key events in Quebec society and, through its milk donation program, the organization takes actions to assist citizens grappling with food shortages, help eliminate hunger, and improve food security for Quebecers. Because producers have the same concerns as their fellow citizens, they are also sensitive to animal welfare and environmental issues.

Since it was founded in 1983, their organization, Les Producteurs de lait du Québec, has shown leadership in the dairy industry by fostering its development and prosperity. Here are various facets of these commitment.



Producers merged to found the Fédération des producteurs de lait du Québec (FPLQ).

**1983**

The Young Dairy Farmers Assistance Program was adopted and would be set up in 1987.

**1986**

The use of rBST<sup>1</sup> was opposed. Dairy producers were able to get Health Canada to ban it on grounds of animal welfare.

**1994**



Les Producteurs de lait du Québec became a co-owner of the CIAQ<sup>3</sup>. Genetic improvements would have positive impacts on dairy farms in Quebec.

**1999**

The Startup Assistance Program was set up.

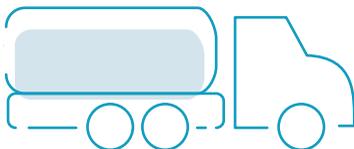
**2006**

**1985**

The first milk marketing agreement was signed.

**1991**

The first Milk Transportation Agreement was signed.



**1995**

The FPLQ became the major shareholder of the PATLQ<sup>2</sup>, which would later become Valacta and then Lactanet, and founded Novalait.

**2002**

The milk donation program was set up as a result of an agreement between Les

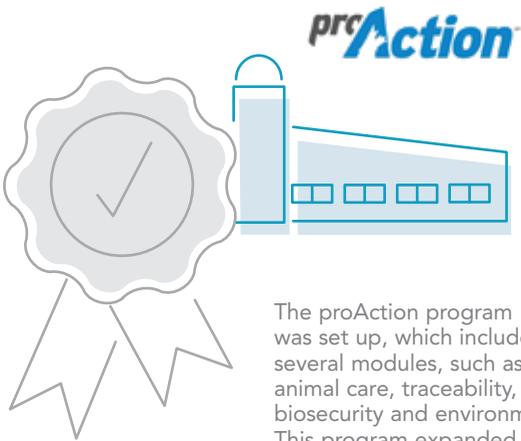


Producteurs de lait du Québec, Food Banks of Quebec, milk processors and milk transporters.

<sup>1</sup> Recombinant bovine somatotropin

<sup>2</sup> Quebec dairy herd analysis program (PATLQ)

<sup>3</sup> Quebec artificial insemination centre (CIAQ)



The Canadian Quality Milk (CQM) program was set up.

**2009**

The proAction program was set up, which includes several modules, such as animal care, traceability, biosecurity and environment. This program expanded the CQM quality assurance program previously in effect while maintaining quality and safety requirements.

**2013**



Total milk donations reached over 10 million liters of milk in the regular donation program.

**2018**

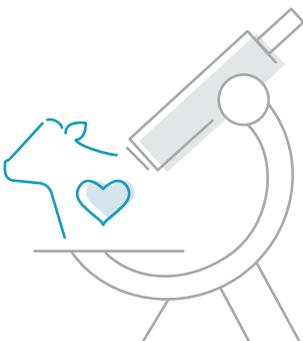


From 2016 to 2022, over \$1.7 million has been invested in the research conducted by the Industrial Research Chair in the Sustainable Life of Dairy Cattle, a partnership with the NSERC<sup>5</sup>, the DFC<sup>6</sup>, Lactanet, Novalait and McGill University.

**2022**

## SINCE 2011

Les Producteurs de lait du Québec has invested over \$800,000 directly in research and nearly \$4 million in innovation through Novalait. The impact on sustainable development is taken into account when assessing the relevance of each research project.



## 2016

In 5 years, to produce one litre of milk, the carbon footprint was reduced by 8.7%, water used by 12.5%, and land used by 16.2%.<sup>4</sup>



## 2021

Les Producteurs de lait du Québec sponsorships represented nearly \$9 million in partnerships, product donations, and field presences in 2021.



<sup>4</sup> Source: Groupe AGÉCO: updated life cycle assessment of Canadian dairy production, 2018.

<sup>5</sup> Natural Sciences and Engineering Research Council of Canada (NSERC)

<sup>6</sup> Dairy Farmers of Canada (DFC)

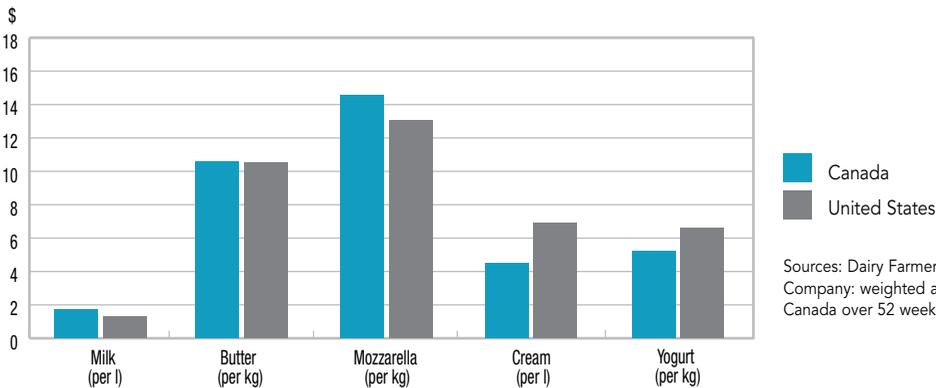
# SUPPLY MANAGEMENT AND COLLECTIVE MARKETING

**... STABILIZE** FARMERS' INCOME AND ENABLE THEM TO OBTAIN A BETTER SHARE OF THE CONSUMER DOLLAR

The income of Quebec and Canadian dairy producers from the sale of their milk is considerably more stable than that of their American counterparts, as the graphs show. And, during the same period, the price of most dairy products is comparable in the United States and Canada.

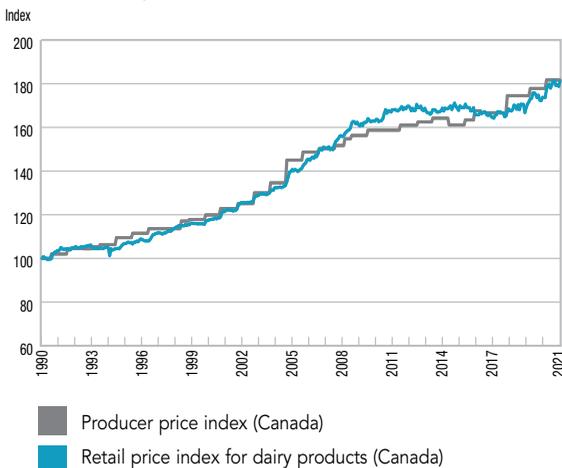
In addition, Canadian producers obtain a more equitable share of the consumer dollar without consumers having to pay any more for their products than elsewhere.

PRICE OF DAIRY PRODUCTS IN CANADA AND THE UNITED STATES



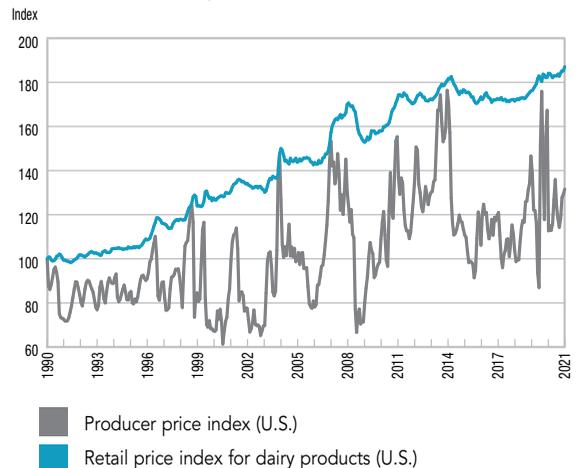
Sources: Dairy Farmers of Canada and The Nielsen Company; weighted average retail sale price in Canada over 52 weeks ending in October 2021.

COMPARISON OF RETAIL PRICE INDEX FOR DAIRY PRODUCTS AND PRODUCER PRICE INDEX IN CANADA, 1990-2021



Sources: Statistics Canada, Canadian Dairy Commission and Les Producteurs de lait du Québec.

COMPARISON OF RETAIL PRICE INDEX FOR DAIRY PRODUCTS AND PRODUCER PRICE INDEX IN UNITED STATES, 1990-2021

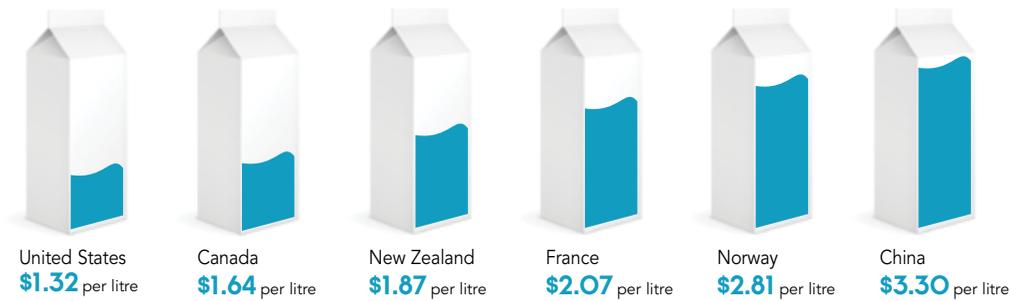


Sources: Bureau of Labor Statistics (BLS) and United States Department of Agriculture (USDA).

**... ASSURE**

**CONSUMERS OF A NUTRITIOUS BASKET OF DAIRY PRODUCTS AT REASONABLE PRICES**

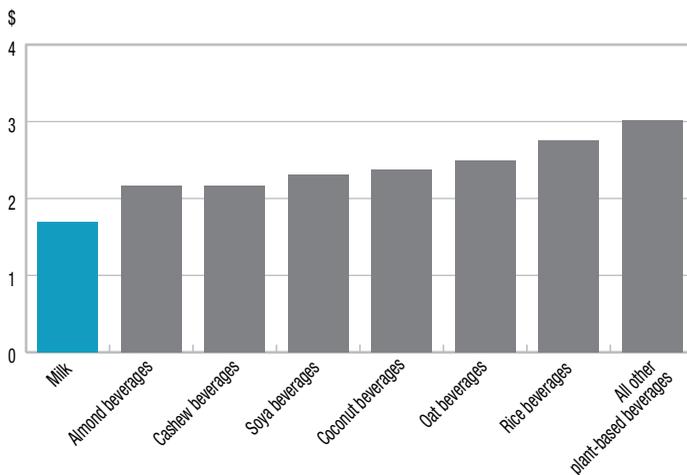
A recent comparison of prices around the world shows that the weighted retail price of milk in Canada holds up well in comparison with other countries around the world.



Sources: Dairy Farmers of Canada and The Nielsen Company: weighted average retail sale price in Canada over 52 weeks ending in October 2021.

**MILK IS ONE OF THE MOST INEXPENSIVE BEVERAGES IN CANADA AND PROVIDES 15 ESSENTIAL NUTRIENTS IN OUR DIET**

**AVERAGE RETAIL PRICE OF BEVERAGES IN CANADA, PER LITRE**



Sources: Dairy Farmers of Canada and The Nielsen Company: weighted average retail sale price in Canada over 52 weeks ending in October 2021.

# SUPPLY MANAGEMENT AND COLLECTIVE MARKETING (CONTINUED)

## ... ENSURE

INCOME SECURITY FOR DAIRY FARMERS WITH LITTLE GOVERNMENT SUPPORT

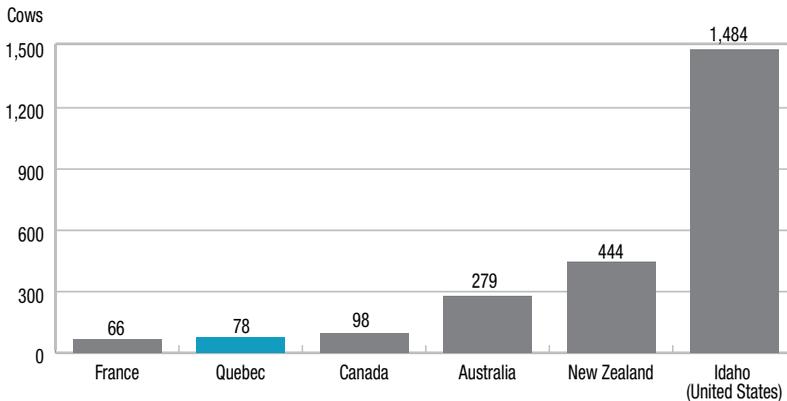
In fact, Canadian dairy farmers receive no income support subsidies and have access to only the minimum support generally offered all farmers like the property tax refund and crop insurance program.

## ... FAVOUR

A TYPE OF AGRICULTURE THAT RESPECTS RESOURCES AND PEOPLE AND IS EFFICIENT AND HUMAN-SCALE

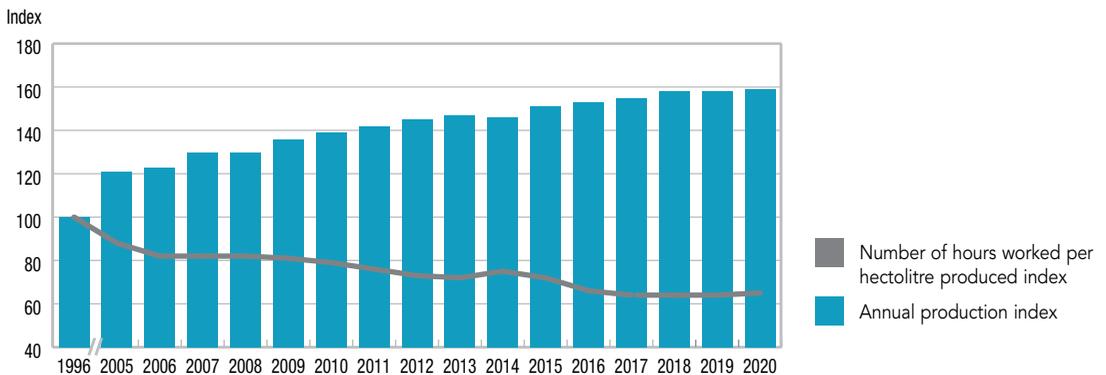
Collective marketing and supply management are not an impediment to improving efficiency and productivity, as these results show.

AVERAGE NUMBER OF COWS PER FARM, PER COUNTRY



Sources: Cniel, Statistics Canada, Dairy Australia, LIC and DairyNZ, Idaho Dairymen's Association, 2020-2021.

ANNUAL PRODUCTION INDEX AND NUMBER OF HOURS WORKED PER HECTOLITRE PRODUCED INDEX

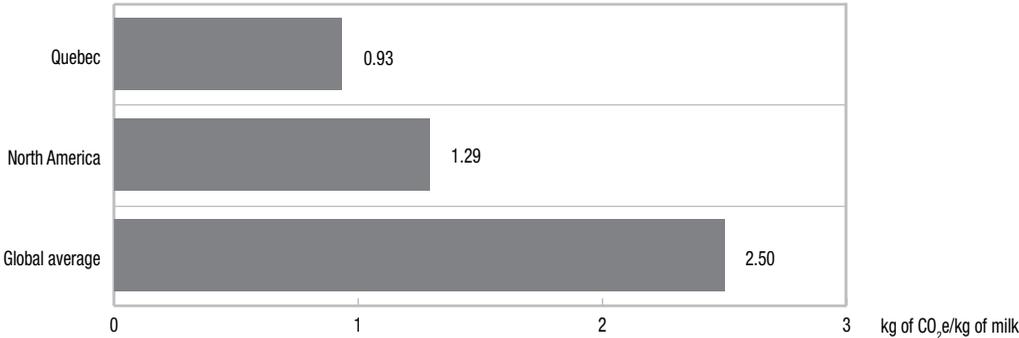


Sources: Les Producteurs de lait du Québec and Groupe AGÉCO, 2021.

**... ENSURE** ENVIRONMENTALLY-FRIENDLY SUSTAINABLE GROWTH

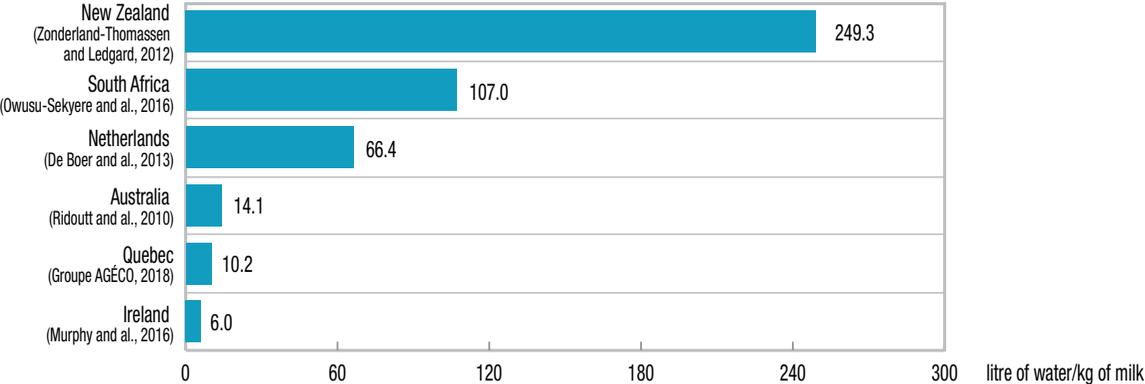
Quebec’s dairy industry plays a crucial role in the agricultural ecosystem by reducing its environmental footprint while continuing to satisfy society’s food needs.

CARBON FOOTPRINT FOR THE PRODUCTION OF ONE KILOGRAM OF MILK



Sources: Groupe AGÉCO: updated life cycle assessment of Canadian dairy production, 2018, and FAO and GDP: *Climate change and the global dairy cattle sector—The role of the dairy sector in a low-carbon future*, 2018.

WATER CONSUMPTION FOR THE PRODUCTION OF ONE KILOGRAM OF MILK



Source: AGÉCO compilation for the updated life cycle assessment of Canadian dairy production, 2018.



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G3 11 10 N822 – APRIL 2022  
978-2-923457-43-7