

ÉcoRessources study on the economic contribution of the dairy industry:

Substantial economic benefits that compare favourably to those of several leading economic sectors

Quebec City, April 14, 2011/CNW – According to a new study by ÉcoRessources Consultants, presented at the Annual General Meeting of the Fédération des producteurs de lait du Québec (FPLQ), the dairy sector is one of the leading agricultural sectors in Canada, and the largest in Quebec. This sector's economic spinoffs compare favourably to those of several other leading economic sectors. In Quebec alone, in 2009, the 6,300 dairy farms provided 81,279 direct, indirect and induced jobs throughout the commodity chain, and contributed \$5.1 billion to the Canadian gross domestic product (GDP). Dairy production in 2009 generated taxes of \$1.2 billion for the various levels of government, including \$635 million for the federal government, \$425 million for the Quebec government and \$115 million for the municipalities.

The ÉcoRessources study confirms the benefits of the agricultural model used in the dairy sector, specifically supply management and collective marketing. **“The supply management system (...) limits production instead of subsidizing it. Furthermore, given that the price producers receive for their milk is regulated, it is to their advantage to improve resource utilization on the farm. These actions allow the development of improved farm profitability, and viable, sustainable farm businesses and infrastructure, which are possibly transferable over time,”** said the lead author of the study, Louis-Samuel Jacques, Assistant Director, Agrifoods and Environmental Economics at ÉcoRessources. He added that the revenue stability in dairy production has allowed the development of efficient, modern and increasingly productive farm businesses.

The Chairman of the Fédération des producteurs de lait du Québec, Marcel Groleau, was delighted by the results of this study. **“This shows the extent to which our model is beneficial and must be preserved. Supply management and collective marketing encourage local production of quality food at an affordable price. They allow family farms to make a living from the market, without government financial support, while making a major contribution to our economy, and to the public treasury, with economic benefits of \$1.2 billion for Quebec alone,”** said Groleau. According to ÉcoRessources, the dairy industry contributes to the economic dynamism of Canada's rural regions, because one rural job creates more economic spinoffs than one job in an urban area. For the Canadian economy as a whole, approximately 13,000 dairy operations and 452 processing plants contributed \$15 billion to the GDP and generated \$3 billion in direct, indirect and induced economic benefits. They are also responsible for the creation or maintenance of more than 215,000 jobs.

In 2005, the dairy production and processing sectors employed 73,000 people, while the Canadian aeronautics industry employed 78,000, Desjardins 42,000, Air Canada 26,000 and General Motors 9,000.

“The organization of production under supply management allows dairy producers to work in a very structured environment, with organizations at the local, regional and national levels. This enables producers to develop coherent entrepreneurial initiatives for the entire industry and meet economic, environmental and public health challenges as required. Through their organizations, dairy producers participate in multiple conferences, are deeply

involved in their community, in the dissemination of information to the public, in the continuing education of their members, and in the improvement of the quality of their products,” ÉcoRessources affirmed.

The study finds that dairy product demand is evolving constantly, particularly for the growing yogurt, cheese and cream sectors. It notes that the Canadian dairy industry’s production and processing sectors appear to have come to grips with this evolution, adapting to it by innovating in the manufacturing of products that meet Canadian consumers’ expectations. **“Supply management, through the negotiation of supply agreements with the processing plants, makes it possible to optimize transportation. It also helps direct the milk to markets with the best added value and improves the ability of dairy producers to respond to demand from processors and consumers,”** the study concludes

“The stable revenue from dairy production in turn allows better planning of capital and labour, as well as the realization of investments in production and infrastructure, thus enabling farm owners to look to the future with confidence and make business decisions in a predictable long term economic context,” Mr. Jacques concluded at the end of his presentation.

The Fédération des producteurs de lait du Québec represents the province’s 13,500 dairy producers and 6,300 dairy farms. ÉcoRessources Consultants is a firm specializing in the economics of the environment and natural resources. Since 2004, it has provided independent consulting services to private organizations, governments and para-governmental and international organizations.

The study is available for consultation at:

http://www.go5quebec.ca/fr/pdf/Etude_du_groupe_EcoRessources.pdf

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