



Editorial

Geography 101

Gib Drury
QFA President

News Item: More agriculture land unused in South America than currently under cultivation in North America

For decades, if not centuries, we were led to believe that the planet earth was rapidly headed towards a brick wall. The prediction was that earth's rapidly expanding human population and its domestic livestock could not be sustained on the amount of land suitable for agricultural production. We all studied geography back in school and were taught that there is a finite amount of land on our planet. We could delay this impending disaster of world famine through technological innovations (such as the "green revolution") but the ultimate outcome remained the same: not enough land, too many people—people desperate for food.

Farmers were constantly encouraged to produce more and more—even at prices disastrously below their cost of production—with the prediction that one day soon the world would be chronically short of basic foods and demand would cause prices to soar.

Right! Sure!

Today's reality is that developed countries are awash in massive surpluses in every food commodity. The shame of it all is that half of the world's population remains undernourished, and Europe and North America continue to dump surpluses on the desperate third world at subsidized export prices. This completely destabilizes the local agricultural economies of underdeveloped countries, thereby inhibiting any chance they may have for self-reliance and independence.

So what's with this recent announcement of all the unused agricultural land available for food production in South America, especially in Brazil and Argentina? How come nobody noticed all of it? Well, geographers now calculate that there is more agricultural land not being cropped in South America than the total acreage currently devoted to corn, soya beans and wheat in North America. That calculation does not include the great Amazon jungle, which has not been deforested to date. Do you remember the "Pampas", South America's equivalent to our Great Plains, but now just a huge grassland only used to graze cattle? Imagine if South America put the plough to the Pampas.

Another recent discovery of high grade, high potential agricultural land was made in Eastern Europe in the former Soviet Union. The Ukraine alone has 1.5 million hectares of top-quality land ripe for exploitation after years of under utilization in the former Soviet system. Combine South America's year-round growing climate with Europe's increased productivity with intensification (in Europe they can obtain an average grain yield of seven tonnes per hectare whereas we are still at 2.5 tonnes in North America), and you will see why the old notion of increasing production on North American farms to solve our income shortfalls is a dead end. Forget bigger is better. We are already over producing.

So now Geography 101 tells us there is enough land to produce all our planetary food needs—even if we do it organically and orient it locally. And it would certainly be better for all concerned.

North American consumers are actively supporting initiatives in the organic and locally-grown production, and they are clamouring for more. This is a win-win situation: provide just what your consumers want and they pay you a premium for delivering exactly what they desire. This is a true sustainable system where everyone benefits and does not unduly contribute to the depletion of finite resources. Let's forget "lucrative" foreign export markets and concentrate on our local neighbours and friends. The lesson from Geography 101: "Never plant more potatoes than you can hoe, harvest and market profitably. It's a big world out there, full of surprises."

Putting down community roots

Mark MacVicar
Special to the Advocate

From Brownsburg road, where I live and farm, to Hamford street in Lachute is only a five-kilometre drive. At one time, there were as many as 17 farms on this short stretch of road between the town of Lachute and the village of Brownsburg. This group of farms was a community within the community, with social gatherings and work bees that created strong community bonds.

Today, there are only two farms left of these 17. My neighbours, the McOuats, and myself are now farming most of the best land left from these original homesteads. Names like Vowles, Hardy, Clark, Bain, McGibbon, and Stewart are just a few that are no longer along the road. Nature has reclaimed the fields that were once the Vowles' farmland. I myself work the Hardy farm, where a beautiful maple bush is now coming to maturity in the same place that crops once grew. Nearby, the Clark farm is owned by a contractor who is trying hard to find a niche in agriculture that won't cause him to lose his shirt. The Bain farm is now a golf course, and a rather nice one at that. The Stewart and McGibbon farms are now cultivated by the McOuats. These are just a few examples of what has become of the once-strong agricultural community of my road. Nevertheless, the strong bonds of community still hold firm—even though our numbers are reduced to a handful.

Our ever-shrinking community took another hit in November with the passing of Forbes McQuat, the 'wise old man of the road.' Forbes and his family have farmed Mapleburn farms for as long as anyone can remember, and although Forbes once joked that his family was run out of Scotland because they were sheep thieves, you couldn't ask for a better neighbour. Forbes was a quiet man with a very dry sense of humour; his jokes left many a person wondering if he was serious or not. But one thing was for sure: when Forbes spoke, people listened. He was direct and to the point.

One of Canada's best kept secrets is that Mapleburn farms have built up one of the best herds of Ayrshire cattle in the entire country. Forbes' son and grandson were at the Royal Agricultural Winter Fair in Toronto winning the Premier Exhibitor award when the sad news of his passing arrived. As Campbell (Forbes' grandson) said, "it was the best day and the worst" as they had just finished a banner day at the show. This quiet pride and lack of boasting were hallmarks of Forbes' personality. Those same admirable qualities are quickly seen in his daughter, sons and grandsons.

Forbes' personality was one that reflected the entire farming community across this country; a personality made up of quiet pride, dedication to excellence, and commitment to family. Every highway and side road where agriculture is practiced has similar community bonds—it is one of the things that make this country strong. Working together, lending a helping hand and just plain caring about one's neighbour are signatures of all farming communities. They are the envy of many urban residents who leave the city to live the ideal life in the countryside. Some succeed

and find a place in their new rural community. Others cannot let go of their individualistic ways and sometimes become an irritant to their new neighbours.

With the passing of Forbes, we are left with one less neighbour who will remember and pass on the history and tradition of Brownsburg road. It is not an important history that scholars would wish to read, but it is important to us as a blueprint to living a happy and rewarding life. There are many comical stories; stories of success, failure and stories about times when they should have just known better that are passed on. These farms may not be viewed as successful by today's standards, but these people raised their families, paid their bills, and looked out for one another. That sounds like success to me.

Producers finally get their fair share

Andrew McClelland
Advocate Staff Reporter

After years of debate, and countless demonstrations staged by Quebec's agricultural producers, the provincial government has finally come to an agreement with the *Union des producteurs agricoles* (UPA) that will see farmers shouldering a more equitable share of the municipal tax burden in 2007.

The announcement, made on December 21 by Minister of Agriculture Laurent Lessard, Minister of Municipal Affairs Nathalie Normandeau and UPA President Laurent Pellerin, comes with a sigh of relief for agricultural producers who were beginning to lose hope in the Liberal government's promise to solve the lengthy delays farmers had to endure to receive municipal tax reimbursements.

"This decision is what Quebec's farmers have been waiting to hear for a long time," said Pellerin. "This problem has been a key issue in numerous government meetings and committees over the past several years."

"The provincial government has finally begun to slow the growth and lessen the tax burden of agricultural producers, and they have outlined the measures they are taking to achieve it."

The agreement grants producers the right to pay their municipal taxes directly to the municipality in which they reside. In previous years, the payment scheme for farmers has become increasingly convoluted, with producers paying a loin's share of tax dollars for municipal services and having to wait for a 72 per cent reimbursement from the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation* (MAPAQ). It's a right that the UPA and the province's farmers have been demanding for a long time.

"The Ministry of Municipal Affairs have taken a huge step forward to the benefit of Quebec's agricultural producers in accepting a system of direct payment," said the UPA's president.

The change comes almost a full year after the UPA launched “Operation: Our Fair Share,” a campaign which called on the province’s farmers to pay only 28 per cent of their municipal tax bill for 2005, the amount for which they were responsible after filing for reimbursement. While many vocal opponents, such as the *Union des Municipalités du Québec* (UMQ), openly denounced the campaign as “inciting civil disobedience,” the president of the UMQ admitted that the government has forged a reasonable compromise in the new agreement.

“This agreement constitutes a viable solution that both municipalities and agricultural producers can work with,” said Jean Perreault. “It remains crucial that agricultural producers remain responsible for the property on which they are taxed.”

No more waiting

With the new deal struck between the province and the UPA, Quebec’s farmers will hopefully not have to be out of pocket for months on end while waiting for their reimbursement—or waiting for reimbursement forms to be made available. MAPAQ is promising to speed up payments to farmers for 2006, and to make even greater improvements for 2007.

“With the changes made last year, producers received 90 per cent of their reimbursement within a period of 25 to 30 days, once their request was received,” said Minister Lessard. “The reimbursement portion for lands that have been evaluated at over \$1,500 per hectare has also been raised from 70 per cent to 85 per cent.”

In an official statement, MAPAQ made a number of welcome promises and concessions to agricultural groups and municipalities to take effect as of 2007. Among them is an acknowledgement of the disproportionate tax weight on agriculture, a separate portion of MAPAQ’s budget to be reserved for the municipal tax problem, and a special committee to oversee the successful application of the new program. Municipalities are also pleased that MAPAQ will continue to administer the program and not organize repayments on their own.

Snowmobiles trails open

News of the agreement was a welcome early Christmas present to snowmobilers, and the thousands of tourists who flock to Quebec to enjoy the province’s impressive network of skidoo trails. With the UPA sticking to its threat to close all snowmobile trails that passed over farmland until the municipal tax problem was rectified, many business owners who depend on revenue from winter tourism were preparing for a financially shaky 2006.

“We are definitely happy and relieved that the 2005-2006 snowmobile season in Quebec can now be saved,” declared Raymond Lefebvre, general manager of the Quebec Federation of Snowmobile Clubs (FCMQ).

The FCMQ states that snowmobile tourism brings in an estimated \$1.5 billion annually to the Quebec economy with hotel and restaurant economic spinoffs. That sum would have been lost from many small-business owners had the agreement not been reached prior to the New Year.

“The volunteers at our 230 member clubs are already hard at work to make the network of trails accessible as quickly as possible,” said Lefebvre.

“Because of last week’s snowstorm, as well as the access to trails on agricultural lands and the UPA’s commitment, we have every reason to celebrate on the eve of the holiday season.”

For more information on the new municipal tax agreement, see the UPA News Highlights section of this issue (pages 12 to 15).

EDITORIAL

Peace in the countryside

Laurent Pellerin
UPA President

On the eve of the Christmas holidays and after many years of waiting, the government finally made a commitment, through an agreement, to slow down the increase to agricultural producers’ tax burden and to put in place the necessary measures to achieve it.

In part, this decision answers our requests. Following this, the UPA’s general council gave the word to give snowmobiles and ATVs access once again to farmland throughout the province.

One of the essential elements of this agreement is that agricultural producers will be able, starting in 2007, to pay their fair share of taxes directly to their municipality, as we have been requesting for years. The agreement also stipulates that the government will give the Tax Reimbursement Program a distinct envelope in the MAPAQ’s budget, which will prevent dipping into the ministry’s budget for other activities, another one of our essential requests.

Added to this is the possibility of applying a reduced taxation rate, called “variable rate,” in order to slow down the transfer of the tax burden on the agricultural sector. A follow-up committee will be created to supervise the application of this measure by municipalities as well as its impact on the tax burden of farms. The UPA will be part of this committee, as will the government and municipal sectors. The role of this committee will be crucial, as it will guide the government in bringing the necessary corrections to ensure the commitment is followed.

After this announcement, the members of the UPA general council wanted to point out the support given by the snowmobile and ATV associations as well as by tourist associations, who recognized the merit of the requests made by the agricultural sector in the difficult issue of municipal taxation. It should be pointed out that farmers were reluctant to block access to their farms, as they always had a good relationship with snowmobile and ATV users.

With this and the commitment made by the government in mind, the UPA general council made the commitment to its partners to not give the word to use this pressure tactic in the future.

At this time of year, when winter and its white blanket of snow brings a feeling of peace to the countryside, my colleagues Martine Mercier, Denis Bilodeau and myself would like to take this opportunity to send our best wishes to everyone. And to remind each and everyone that it is not only the holiday season that brings us together at this time of year—it is also our dynamic agriculture, which provides us with many excellent local products to “garnish” our festivities.

LTCN 2006-01-05

The Doha round survives and supply management is saved— for now

In Hong Kong, farm leaders as well as Quebec and Canadian ministers had to work hard right up to the end of the sixth Ministerial Conference of the World Trade Organization, held from December 13 to 18, to ensure that supply management in agriculture remained intact.

The final agreement does not include any new concession to the access to markets or any tariff decrease for Canadian dairy products, poultry and eggs.

Saved—but for how long?

“This agreement does not constitute, for the time being, a threat to the supply management systems,” declared Laurent Pellerin, president of the UPA and spokesperson of the GO5 Coalition, directly from China on December 18. “To our great satisfaction, the Canadian ministers respected the commitment unanimously voted not only at the House of Commons on November 22, but in many provincial legislations as well.”

The safekeeping of supply management did not come easily. Once again pressure was needed to remove a sentence (previously removed in Geneva in the summer of 2004) that would have prevented the integral safekeeping of supply management. “The sentence stated that we had to provide increased access to our markets, even those under supply management, and lower our tariffs. Its elimination is due to strong arguments from Canadian representatives, supported by the GO5 Coalition and unanimous motions from the House of Commons and the Quebec National Assembly,” declared Pellerin.

Farm leaders saluted the work of the Quebec ministers of Agriculture and Economic Development, Laurent Lessard and Claude Béchar, and of Bloc Québécois MP Pierre Paquette, who accompanied the Canadian delegation led by the ministers of Agriculture and International Trade, Andy Mitchell and Jim Peterson. From Hong Kong, Minister Lessard said he was proud to have contributed to this important victory for Quebec producers. “This is a victory over powerful countries that shows that we can influence negotiations in favour of agriculture with a human dimension when we are well organized and when we have a work plan,” he stated. Lessard also commended the excellent work done by Minister Mitchell.

Other progress

Apart from safekeeping supply management, the final agreement includes other good news for farmers. Among them is the elimination of farm subsidies to exportation by 2013, which would virtually allow the Doha round of talks to remain fully in place. "It is attractive for producers from Quebec and Western Canada who are facing unfair competition," declared Pellerin. The principle had been adopted a few years ago, but for a many years the European Union resisted before accepting a date that finally coincided with the renewal of the Common Agricultural Policy.

The agreement also allows the Canadian Wheat Board to continue operations on the condition that it is not subsidized by the government. "This sanctions the right of producers to regroup and to market their products," noted Pellerin. Moreover, developed countries made the commitment to import, beginning in 2008, 97 per cent of the products of some 40 least developing nations (LDC) without custom duties and quota. These countries currently have only one per cent of world trade. The opening of the market will be well supervised to ensure that multinational companies do not establish themselves in these countries to capitalize on the situation. The agreement stipulates that as of 2006 the United States will have to end subsidies for the exportation of cotton in 2006. However, while this remains good news for African countries, the decision was marred by an announcement that domestic support given to American cotton producers will continue.

Not everything is solved

"We leave here with conditions enabling us to continue negotiating without giving up any part of Canadian agriculture," said Pellerin But not everything is solved. "We agreed to continue negotiations. Everything that was at risk remains at risk," he explained. The Doha round aims at improving access to markets, including those with sensitive products, which include products under supply management.

Pellerin pointed out that producers were led to believe that their income would improve following the Uruguay round in 1994. In reality, the opposite came true. "Canadian farmers suffered a great deal from 2002 to 2004. One thing is for certain: they will not wait another ten years for favourable results from the WTO negotiations because they will no longer be there," he added. According to Pellerin, food independence is becoming more and more a part of the negotiations at the WTO and the differences between countries are increasingly recognized.

Yet Pellerin finds the situation optimistic, stating that access to markets will be finalized by April 30, 2006. Apart from Pellerin, the following federation presidents represented Quebec farmers in Hong Kong: Marcel Groleau (dairy), Yves Baril (poultry), Serge Lefebvre (consumer eggs) and Gyslain Loyer (incubation eggs).

Jean-Charles Gagné
LTCN 2005-12-22

A win-win solution for farm taxation

Municipal farm taxation will have a new look starting in 2007.

The provincial government, farmers and municipalities finally reached an agreement on December 21, putting an end to the blockage of snowmobile trails that had avid fans of the winter sport (and the regional tourism industry) worrying. The Liberal government finally held its electoral promise of reforming farm taxation and succeeded where the *Parti québécois* had failed.

The government denies giving in to farmers, contrary to comments made by Minister of Municipal Affairs Nathalie Normandeau, and is instead speaking of a win-win solution.

In short, farmers obtained the recognition of the taxation imbalance, the direct payment of their fair share to the municipality, a distinct and increasing budget for the program supervised by MAPAQ, the continuation of the current reimbursement rate (85 per cent for land evaluated at more than \$1,500 per hectare) and a follow-up committee to supervise the application of a tax at a variable rate by the municipal sector.

For municipalities, the advantages are the continuing management of the program by MAPAQ, the optional aspect of a distinct tax on farm buildings, the complete payment of tax reimbursement to farmers before the end of April, and the integration of the agreement to a fiscal pact that should be renegotiated before the end of February 2006. The government obtained the control of the program cost increase and an administrative streamlining.

A simpler program

The program will be simpler for farmers and for the government. Municipalities will send the tax invoice directly to MAPAQ, which in turn will write a single cheque per municipality for the reimbursement of farming taxpayers. Producers will then receive from MAPAQ a notice stating the share (approximately 25 per cent) that they must pay directly to their municipality.

The agreement includes a limit on the increase of the program costs. The maximum increase authorized will be seven per cent in 2007, six per cent in 2008 and five per cent for the following years. The cost of this increase will come out of the government's budget and not MAPAQ's. If the real increase of the program exceeds these percentages, farmers will foot the bill, unless the municipalities use a taxation rate for farm buildings that is different than the residential rate in order to avoid any transfer of the tax burden onto farmers. This measure is optional, but a follow-up committee (where agricultural producers will sit) will assess the situation during the next three years and will report to the government.

The current program will still be in effect for 2006, with a ceiling of \$1,500 per hectare and the rapid payment of 90 per cent of the reimbursement from the previous year. The total cost of the program will be approximately \$104 million, which includes \$95 million spent in 2005 plus an eight per cent increase.

An acceptable compromise on farmland taxation

The *Union des producteurs agricoles* (UPA) and municipal unions reacted with caution and moderation to the government's compromise on farm taxation. However, it remains to be seen if the government will resume a useful dialogue that could help relations with rural Quebec after years of tension.

UPA President Laurent Pellerin saluted the slow-down in the increase of the farmers' fiscal burden brought by the government. "The government's decision meets the agricultural producers' expectations in a fairly substantial way," said Pellerin.

But UPA 2nd Vice-president Denis Bilodeau shied away from claiming an all-out victory for producers. "We cannot really consider this as a victory for farmers," he said, explaining that the program remained with MAPAQ and that the distinct tax for farmers was not compulsory. "However, we have the tools to reach our objectives, if we use these tools well," he added. Bilodeau pointed out that farmers absorbed \$25 million of MAPAQ's budget during recent years because of an increase in the value of farmland due to the government's regulation. "This is good news as a separate dossier will prevent any increase in the program costs being taken from other programs intended for the development of agriculture," he said. Bilodeau added that farmers, still responsible for paying their tax bill, would have to remain vigilant and continue to demonstrate that the assessment roll is overstated in places. "The value of farmland showing on the assessment roll is often very far from its economic value," he added. Bilodeau pointed out that the UPA's commitment of not blocking snowmobile trails is not indefinite, but on the condition that the objective of reducing the farmers' tax burden, backed by the government, is reached.

Follow-up committee

The presidents of the municipal unions, Michel Belzil (FQM) and Robert Perrault (UMQ), said they were pleased with the acceptable compromise proposed by the government. Their objective of keeping the tax reimbursement program for farmers at MAPAQ was reached, as was the optional nature of the variable tax rate.

Some say that the follow-up committee will single out the municipalities that did not use the variable rate tax for farmers, thereby justifying the Quebec government to deem it compulsory in three years. "The committee is not there to tell municipalities what to do. It is the municipal council that will decide if it applies a different tax for farmers in order to assume, in total or in part, a tax surcharge. We musn't assume that the government will make this different tax compulsory after three years of assessing the municipalities' behaviour," said Belzil. However, the FQM president believes that the government's commitment to settle, by the end of January 2006, the touchy issue of setting a tariff for the *Sûreté du Québec*'s services (which represents between 25 and 30 percent of the municipal tax bill) will continue to alleviate farmers' tax

burden. On the other hand, Belzil recognized that new assessment rolls—that contain a significant increases in the value of municipal land—do not bode well.

The tourist and snowmobile industries declared that they were relieved that the crisis is finally over. Regional economic spinoffs of \$1.5 billion were at stake.

Jean-Charles Gagné
LTCN 2006-01-05

\$75 surcharge per tonne on American corn

As of December 15, the Canadian Border Services Agency has decided to impose countervailing and antidumping duties of no less than \$65 US (\$75 Cdn) for each tonne of non-processed corn imported from the United States.

It is an amount greater than expected that could seriously limit imports of American corn at a time when important discussions were taking place in Hong Kong regarding farm subsidies and access to markets.

Important stocks and a larger-than-expected crop should supply Canadian users with local corn for a good part of the year. The surtax represents approximately 75 per cent of the price of \$100 per tonne set the night before in Markham, Ontario.

Substitution grain such as barley or feed wheat could also be used in feed. The market for most of these commodities will be changed, but it is difficult to say what will be the exact increase in price for corn in Canada, which should nevertheless be under \$65 US. The *Fédération des cultures commerciales du Québec* (Cash Crop Federation) mentioned only one transaction at \$150 per tonne for the producer and a number of other transactions between \$120 and \$140 per tonne as of December 20. The market will be hesitant while a new balance is found—and taking into account the contracts already signed. Canadian corn producers, who originated the complaint, saluted the decision and stated that it would allow for a “compensation” for the harm done by American subsidies.

Outcry

“These are extremely difficult times,” said Claude Corbeil, president of the *Fédération des producteurs de porcs du Québec* (FPPQ), who added he had reports of corn purchases at \$180 per tonne at one farm, and of \$205 per tonne delivered in the Saguenay and Côte-du-Sud regions. “At that price, we are no longer competitive,” explained Corbeil, who thinks that many pork producers could decide to buy American corn anyway in the hope of being reimbursed for the temporary surtax if it is deemed invalid by the authorities on either March 15 or April 15. The FPPQ president also suggests buying from other countries in the meantime, and stated that after pork producers, the second victims of the continuing subsidies could very well be grain producers. Corbeil also mentioned that the FPPQ is clearly above the replacement value

requested by cash crop producers. Talks are expected between the two groups in the coming days.

“It is the entire breeding sector that will be affected by the imposition of this tariff,” declared Yvan Lacroix, director of the *Association québécoise des industries de nutrition animale* (AQINAC), by strongly denouncing the new tariffs that could, according to grain mill owners, increase production costs by \$12 to \$15 per hog. AQINAC is asking for an intervention from the federal government to find a solution to the problem associated with the corn production costs without affecting the profitability of animal productions, which represent 75 per cent of agriculture in Quebec. “We just took ourselves out of the market,” explained Claude Lafleur, chief executive officer of the *Coop Fédérée*, a member of AQINAC.

The Canadian Pork Council is calling for \$20 more per pork. The current price in Quebec, at less than \$130 per 100 kilograms, is already below the production costs of \$167 per 100 kilograms before the surtax.

The Canadian Cattlemen’s Association expects a production cost increase of \$100 per head for regions using corn.

Ethanol plants and corn processors, such as Casco in Ontario, will likely have to review their supply strategy, which relied heavily on American corn. Some manufacturers have already threatened to close their operations.

Thierry Larivière
LTCN 2005-12-22

Corn market is looking for new balance

The president of the *Fédération de cultures commerciales du Québec* (FPCCQ), Denis Couture is wondering what the real reasons are for the high price paid by some corn users who spent as much as \$205 per delivered tonne.

The FPCCQ president mentioned that many contracts signed at \$120 or \$125 per tonne are still being delivered and that other transactions set at \$130, \$140 and \$150 at the farm were also reported after December 15. “It’s not normal for corn to be sold at \$200 per tonne. This is the same problem that happened during the mad cow crisis,” said Denis Couture, who suggested that the profit margin of some middlemen was artificially inflated following the announcement of a \$75 per tonne surtax on American corn on December 15.

A group of some 40 corn producers is also trying to offer corn directly to breeders with farm purchases at \$165, primarily in the Montérégie region. A meeting between the *Fédération des producteurs de porcs du Québec* (FPPQ) and the FPCCQ allowed for an agreement to be reached on information exchange that will allow a comparison to be made of the price paid by consumers

and the price sold by corn producers. Both federations hope this will give them a more precise picture of the overall market.

“We will take advantage of the surtax to put in place our marketing tools and perform direct sales,” stated Denis Couture. A committee including corn consumers should be created in early 2006 to discuss marketing conditions that will be put in place.

The FPCCQ said it was pleased for the time being with the decision taken by the Border Services Agency as it exposes the damage to the industry that the FPCCQ has been denouncing for years. By basing itself on the amount of \$75 per tonne, the FPCCQ estimates the impact at \$225 million per year for Quebec corn producers and at \$300 if the other grains are added.

Caution on the market

For the time being, the price paid to corn producers seems to be around \$135 per tonne in the Montérégie region. However the real situation may only become apparent in a few weeks' time, when demand will be greater, to fully comprehend the impact of the countervailing and antidumping duties. “In the last two weeks, the number of transactions has been very limited,” said Richard Villeneuve, Market Specialist at Comax, who talked about an increase of \$20 to \$25 per tonne over the former price. “There is an effort to try to reach a new balance,” stated Laurent Bousquet, 2nd vice-president of the *Coop fédérée* and corn producer, who added that his organization is not trying to get supplies abroad.

“We are looking at what we can import and at what price,” indicated the Pierre Dagenais, president of Bunge, Leblanc and Lafrance, who believes that the new replacement value will be greatly below a simple addition of a \$75 dollar surtax on the former price.

According to some, Argentina and Ukraine are the two favourite countries to buy corn. “There is still American corn being bought,” indicated Pierre Dagenais, who explained that some users are hoping to get some kind of reimbursement for the new duties on exported pigs. However, the Border Services Agency would have to determine what percentage of the exported pigs are fattened with American corn that is included in the feed. In the long-term, the duties could also be reimbursed if the surtax is cancelled or reduced after the current enquiry by the Border Services Agency.

Thierry Larivière
LTCN 2006-01-05

Will the CDC keep its promise?

Canadian dairy producers are disappointed and outraged by the Canadian Dairy Commission's decision to provide an increase of only 1.79 cents per litre at the farm for processing milk starting on February 1, 2006.

“The CDC failed to keep its promise—made in 2002—to allow half the Canadian dairy producers to cover their production costs starting on February 1st, 2006,” said the president of the Canadian Dairy Producers, Jacques Laforge, and vice-president of the *Fédération des producteurs de lait du Québec* (FPLQ), Gilbert Perreault. However, John Core, president of the CDC declared, “The commission is completely fulfilling its commitment.”

On December 15, the CDC announced that it would maintain the support price for butter and increase the support price for skim milk powder. That’s the price at which the commission buys and sells butter and skim milk powder in order to balance the seasonal variations of supply and demand on the domestic market. These prices are used as reference point by provincial authorities to set the price given to producers for milk used in the fabrication of dairy products such as yogurt, cheese, butter and skim milk powder.

At a special meeting held last November, the FPLQ estimated the gap between production costs and the actual producers’ income at just over three cents—taking into account the dilution effect due to less lucrative special classes of milk. “By giving a little more than one cent per litre, the CDC missed a great opportunity to solve the problem. Quebec dairy producers will not give up until the CDC finds a way to give the necessary increase to fill the gap,” added Perreault.

“The commission made the commitment to fill the gap between the production costs and the producers’ income, without taking into account the mad cow crisis and the dilution factor, which were added by the FPLQ in its calculations,” declared the CDC’s spokesperson, Chantal Paul. The CDC set the average production cost at 67.43 cents per litre and the income from milk production at 65.64 cents per litre, hence its adjustment of 1.79 cents per litre.

Moreover, the support prices announced no longer contain compensation for the financial impact resulting from the mad cow crisis, estimated last year at \$15,000 per Quebec farm. Last year, the five-cent increase per litre included a 1.6 cent compensation included specifically for that purpose.

“The CDC is not maintaining this amount even if the price of dairy replacement cows is still low,” stated Jacques Laforge.

Chantal Paul retorted that “the amount was not taken away from the support price but was used to fill the gap.”

On February 1, 2006, there will not be any adjustment to the butter support price. “It is the first time that the support price is only for skim milk powder,” said Paul. After studying the market, the commissioners decided not to increase the support price for butter due to the decrease in demand.

The president of the *Conseil des industriels laitiers du Québec*, Pierre-M. Nadeau, pointed out that this year’s slight increase will give a break to consumers. Last year’s strong, rapid increase affected the market and resulted in a consumption decrease.

Jean-Charles Gagné
LTCN 2005-12-22

A good example of cooperative zoning

While farmers and municipalities regularly bicker over farmland protection, two regional country municipalities (MRCs) are demonstrating that it is possible to combine green zone sustainability and residential development.

The Quebec Farmland Protection Commission (CPTAQ) has just authorized the first two collective requests. In September 2003, the commission had to reject the request made by the Memphremagog MRC due to a lack of approval from the MRC and the *Union des producteurs agricoles* (UPA).

As stipulated in article 59 of the Farmland and Agricultural Activities Protection Act, a collective request allows an MRC—and thereby also a municipality—to manage the residential use on the overall territory of its agricultural zone without resorting to the CPTAQ. For the organization, this approach avoids case-by-case studies and has the advantage of giving a long-term vision for the green zone. The first MRC to make a collective request is the Les Laurentides MRC. The eight unstructured pockets targeted by the request cover 45 hectares, divided in the municipalities of Arundel, Brébeuf, Labelle and La Conception. To avoid cohabitation problems, the CPTAQ is taking precautions, and new residences will not be included in the calculation to determine the separating distances for odour management in green zones.

The Les Laurentides MRC had been preparing its collective request for years. In 2002, it reviewed its development plan. Two years later, it conducted a study on the unstructured pockets. “The close collaboration with representatives of the agricultural sector before the submission of the request must be commended,” said a member of the CPTAQ. “I am particularly proud of this agreement that was approved by the CPTAQ. It is a first in Quebec,” said the president of the Outaouais-Laurentides UPA Federation, Richard Maheu.

Common vision

Less than two months later, the CPTAQ gave its approval to a second collective request, this time from the Haut Saint-François MRC in the Eastern Townships. This request targets 23 unstructured pockets distributed over 12 municipalities. It covers a total area of 334 hectares with a potential of 336 land entities.

On top of requesting the possibility of filling in unoccupied spaces, the MRC asked for the authorization to issue residential construction permits on vacant lots of ten hectares or more located in the rural zone (where tillable soil is scarce and agricultural activities are marginal). The Eastern Townships UPA approved the request, on grounds that it will further protect existing and potential agricultural operations.

Residential construction in agricultural and rural zones is now banned for residences not associated with a farming or forestry operation. For the CPTAQ, it is an important—if not determining—factor in favour of a collective request. The fact that the fragmentation of lots is banned in the MRC’s development plan also convinced the CPTAQ.

Julie Mercier
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Pork moratorium lifted

Andrew McClelland
Advocate Staff Reporter

Quebec pork producers were relieved to hear on December 14 that the three-year moratorium imposed upon their industry would finally be lifted, bringing one of the most difficult periods in the history of the province's pork industry to a close.

“It's been a rough time for a lot of people,” said Claude Corbeil, president of the *Fédération des producteurs de porcs du Québec* (FPPQ). “But we profited fully from it; we're ready now to grow and rebuild.”

The moratorium put a total freeze on any growth within Quebec's pork industry when initially implemented in June of 2002. Not only were producers forbidden from constructing and establishing new pork operations, but existing pork productions were strictly prohibited from expanding.

The harsh measures were put in place due to increasing environmental concerns over the effects of pork production, most notably upon the quality of drinking water.

In a press conference held last month, Corbeil made it his duty to reassure the press that great improvements have been made in the industry to ensure that pork producers are working hard to exceed the expectations of the public—and more importantly, to exceed those of the *Ministère de Développement durable, de l'Environnement et des Parcs* (MDDEP).

“Hog farms are now free to put new improvements in place, and can finally consolidate our more sound production methods,” said Corbeil. “The new farms which will be constructed—in locations where development potential exists—will respect and follow all laws laid out according to environmental regulations.”

The FPPQ is also boasting great improvements in waste management, and states that the province's pork industry has reduced the output of hog manure by 47 per cent since 1996. What's more, Corbeil says that Quebec pork producers have been organizing successful discussions with the communities in which they operate to help find common ground between pork productions and local populations.

“We've worked hard to improve our operations and cohabit with citizens and we'll continue working in that direction.”

However, many sceptics are still not convinced. Prior to the 2002 moratorium, Quebec's pork farmers received a flogging from the provincial media, from which they have still not recovered. As recently as October 2005, provincial groups were holding demonstrations against relaxing regulations imposed upon the pork industry, some going even so far to demand a permanent moratorium.

Speaking at the Quebec Farmers' Association's annual general meeting in November, UPA President Laurent Pellerin voiced his hope that the moratorium would be lifted, but also expressed concern for the province's pork producers should the *Parti Québécois* successfully gain election in the National Assembly.

"We could soon have a premier in office who does not seem sympathetic to our industry," noted Pellerin. "Mr. Boisclair was our minister of Environment when the pork moratorium was brought in. I don't think I need to remind you of the trouble that has caused pork farmers in this province."

But for the moment, Corbeil and the FPPQ are hoping that the industry will be able to begin with a clean slate, and foresee a visible improvement to Quebec's economy. Citing the fact that pork production generates \$3.1 billion of revenue for the province annually, Corbeil notes that the pork industry is one of Quebec's largest—second only to the province's dairy industry.

"Our industry is vital to Quebec," said Corbeil. "It is a major economic engine not only for the province, but for our rural population as well."