

## THE BENEFITS OUTWEIGH THE IRRITANTS

A new maple syrup season is beginning and some stakeholders are still questioning certain decisions made in the past four years to set up a collective marketing system. These individuals seem to forget the climate that prevailed in maple syrup production in the early 90s and in 2000. It should be recalled that the prices offered to maple syrup producers rose and fell sharply in response to annual maple syrup surpluses, that producers couldn't find buyers for their syrup, and that the number of active maple syrup operations varied from year to year due to market uncertainties.

The tools put in place in the past three years offer many benefits for all members of the maple syrup industry. It is worth pointing them out:

- The sales agency has stabilized prices offered to maple syrup producers despite significant imbalance between production capacity and world maple syrup sales. Price stability in the bulk market has also benefitted producers on the retail market.
- Producers can deliver all of their production to FPAQ warehouses when they don't find buyers interested in their syrup.
- The annual maple syrup surpluses are now pasteurized to reduce deterioration of colour and flavour, instead of remaining in the producers' sugarhouse.
- The sales agency assures stable supplies for Quebec, Canadian and American maple syrup processors. The processors have thus been able to reduce warehousing costs associated with maintaining syrup inventories. Since their supply is guaranteed, they can also consider and finance expansion projects.
- Stability in the price of maple syrup and in the number of active maple operations benefits maple syrup equipment manufacturers because they can increase the sale of their products.
- Financial institutions are better able to assess the profitability of maple cropping projects. Moreover, the measures taken to stabilize prices in the context of imbalance between syrup production and sales have made it possible to reduce bankruptcies in the past few years.
- Governments have increased their tax revenue from the maple syrup industry, while minimizing their interventions to correct market shortcomings. It would be quite another story if the sales agency were unable to resolve the current problems. Governments would have to deal with mass bankruptcies triggered by falling maple syrup prices.

Some producers nonetheless believe that the introduction of collective marketing mechanisms results in irritants for their operations. I have always believed that the system could be improved. Producers have the choice of criticizing from the sidelines or participating actively in their association's meetings to discuss improvements to the current system with FPAQ directors. For example, since January, following a resolution adopted at the General Meeting, a committee has been studying the problem of producers who process and market their own maple products. Adjustments can thus be made so that producers who bottle and process their maple syrup preserve their markets while complying with regulations.

However, producers must recognize that they can't hinder the sales agency's action and hope that it will function normally. Black market sales reduce the agency's sales, thus cutting into the payments that can be made to maple syrup producers.

The sales agency is already producing good results despite the current imbalance. Just think what it could do for producers in terms of payments if inventories were at reasonable levels. I hope that producers will continue to stand together to fight black market sales that hurt everyone.

The FPAQ is also currently lobbying *La Financière agricole du Québec* to introduce a CAIS-complementary program to help maple syrup producers with the cost of inventories stored at the sales agency.

The year ahead once again promises to be full of challenges which can only be met if producers respect the marketing system they have built over the past few years.

On this note, let me wish you a good 2005 maple syrup season.

*Pierre Lemieux,*  
*maple syrup producer and Chairman of the FPAQ*

## 2005 MARKETING AGREEMENT

Maple syrup marketing conditions are defined every year in an agreement between maple syrup buyers and producers. This agreement is the result of negotiations between the FPAQ and maple syrup buyers. When the parties do not agree, this agreement is arbitrated by the *Régie des marchés agricoles et alimentaires du Québec*, as was the case in 2002, 2003 and 2004. However, since no party has given notice of termination of the *2004 Marketing Agreement* this year, it will be in force on the same conditions for 2005.

### Price of maple syrup in large containers

Since the buyers have not given notice of termination of the *2004 Marketing Agreement*, the prices will remain unchanged for 2005.

Grade		Price
Extra light	AA	\$2.35 per pound
Light	A	\$2.30 per pound
Medium	B	\$2.20 per pound
Amber	C	\$1.75 per pound
Dark	D	\$1.35 per pound
Not graded	NC	\$1.00 per pound

A penalty of 10¢ per pound is still applicable to syrup with a noticeable flavour defect (VR). In addition, syrup in large containers must be inspected and graded before September 30. Otherwise, a penalty of 10¢ per pound applies and maple syrup in large containers can only be delivered to the FPAQ warehouses (St-Antoine-de-Tilly and Dégelis).

### Maple syrup grades

Discussions are under way with maple syrup-producing U.S. States and Canadian provinces to define new grades to replace the existing grades. According to proposed changes, syrup would be classified as "table syrup", "processing syrup" and "syrup for industrial use". The discussions are continuing...



Photos: Archives TCN

## MAPLE SYRUP QUOTA

### Use of 2004 production in quota calculation

Last December 10, the *Régie des marchés agricoles et alimentaires du Québec* ratified the FPAQ's proposal to use the production for 2004 to improve maple syrup producers' quotas. Thanks to this amendment to the quota regulations, a producer can replace the production of one of the two years used to calculate his quota last year, with his production in 2004. The quota for producers who produced less in 2004 will also be maintained.

Therefore, for the year 2005, some 7,300 maple syrup operations in Quebec were allotted quotas totalling nearly 69 million pounds. Of this volume, it is estimated that 2.8 million pounds will be used to supply producers' retail markets with intermediaries (groceries, restaurants, convenience stores, etc.). The regulatory amendment has increased the quota granted to maple syrup operations by 4 million pounds.

## FINANCIAL ADVANCES AND PAYMENTS

### Third financial advance for 2004

The third financial advance on bulk maple syrup deliveries was paid in the week of December 20. As announced last spring, this payment corresponds to 10% of the value of the quota (minus NC and VR5 syrup for which no financial advance is paid). A fourth advance in payment should be made this March 15 for producers whose financial advances paid up to that date are not equivalent to the value of their quota (minus levies and deductions). This financial advance is nonetheless conditional on approval by *La Financière agricole du Québec* and implementation of a complementary program to support the income of maple syrup producers.

### Financial advance program for 2005

#### Per-tap advance

The first financial advance for the 2005 production year will again be available for producers who apply for it. This interest-free advance is based on the number of taps harvested by the producer. Thus, a producer can receive \$1 per tap before the harvest, up to a limit of \$50,000. This advance is then deducted from the amount paid upon delivery of the maple syrup through the sales agency. The appropriate advance form will be sent to all producers in the week of February 21.

#### Advances after grading

The terms of the financial advances program for in-quota volume should be the same as in 2004. Thus, producers who participate in the program will receive 80% of the price decreed by the RMAAQ, for Grades AA, A, B and C, and 25% for Grade D, upon delivery of their syrup in large containers. Negotiations are still underway. There is an opportunity that producers will receive 75 % for all grades, including Grade D. No advance will be paid for syrup not graded (NC) and buddy tasting syrup (VR5). In addition, no advance will be paid for maple syrup produced over-quota.

This financial advance will be increased to 90% in December, following approval by *La Financière agricole du Québec*, which will want to ensure that maple syrup sales support the advances paid. Finally, a payment will be made on March 15, 2006.

Producers who do not participate in the financial advances program will be paid as in past years according to syrup sales, on July 15, 2005, November 15, 2005, and March 15, 2006.

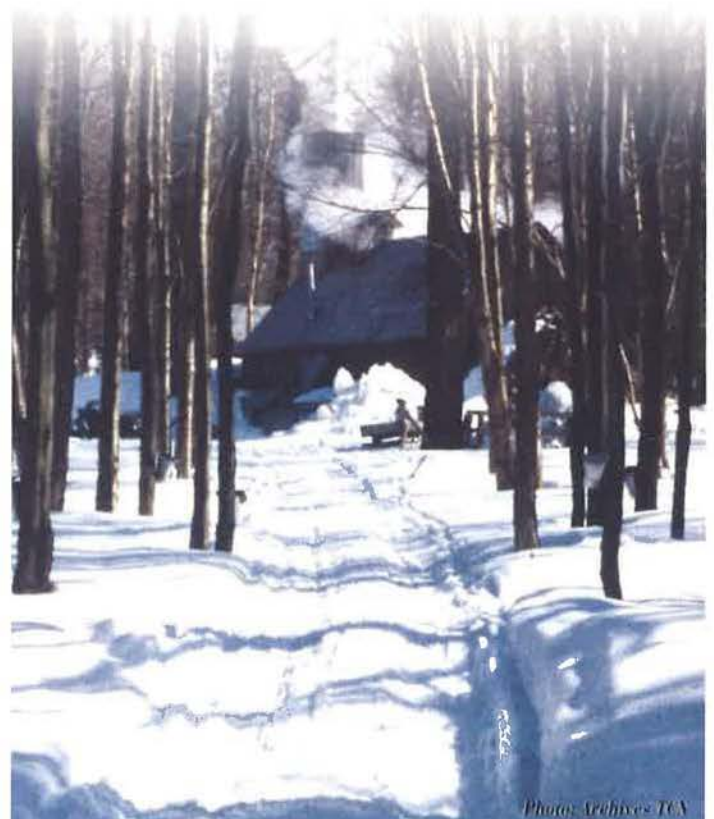
## COMPLEMENTARY PROGRAM

*La Financière agricole du Québec* is currently implementing the new *Canadian Agricultural Income Stabilization (CAIS) Program*, which will be available for all agricultural commodities. The CAIS replaces the agricultural revenue stabilization account (CSRA) which existed previously. The CAIS will make it possible to guarantee the income of farmers who experienced major income variations during the year. To benefit from this program, agricultural producers had to be registered with their regional office of *La Financière agricole du Québec* before December 31, 2004.

However, the CAIS alone may not be able to meet the needs of producers. It was therefore agreed that complementary programs could be developed to deal with special conditions facing a commodity sector. In this perspective, last December 27, the FPAQ submitted a request to *La Financière agricole du Québec* to develop a CAIS complementary program for maple syrup producers. Our requests seek financial assistance for maple syrup producers who honour their quota and to support part of the costs related to maintaining a strategic maple syrup reserve.

In past years, government assistance to maple syrup producers amounted to nearly \$8 million per year under the CSRA (\$6 million) and the 2000 syrup interest payment program (\$1.7 million). With the introduction of the new CAIS, this financial assistance drops by nearly \$1 million.

Negotiations on this issue are therefore in progress between representatives of the FPAQ and *La Financière agricole du Québec*. An answer is expected soon.



## GRADING OF SYRUP IN LARGE CONTAINERS

### 2004 grading

Some producers have had their maple syrup inspected and graded in the past few weeks. However, the grading is almost finalized. The graded and inspected volumes of syrup in large containers will amount to 72.2 million pounds for 2004.

### Grading of bulk maple syrup (as of January 10, 2005)

Grade	Regular syrup (millions of pounds)	Organic syrup (millions of pounds)	Total (millions of pounds)	Flavour defects (%)
AA	10.1	1.9	12.0	9
A	17.7	3.9	21.7	12
B	18.7	4.0	22.7	10
C	9.7	1.8	11.5	12
D	3.2	0.6	3.7	24
NG	0.4	0.1	0.5	
<b>Total</b>	<b>59.9</b>	<b>12.3</b>	<b>72.1</b>	<b>12</b>

The amounts are influenced by rounding.

## SIROPRO

The Quebec Federation of Maple Syrup Producers (FPAQ) recently revised the manual for its Siropro certification program. This certification was developed to enable maple syrup operations selling maple syrup in small containers to stand out on the retail market. Siropro certifies maple syrup operations that meet the requirements of consumers who are increasingly concerned about the conditions in which the food they consume is produced, while seeking specific maple syrup quality criteria.

To become certified, an operation must first register with the FPAQ to take a free one-day training course on the program. Then the operation will have to implement the Siropro program's requirements in its establishment. Once the requirements are in place, the maple operation will have

to send a Siropro program membership application to the FPAQ, so that it can be audited. This certification audit is performed at the maple operation by a firm mandated by the FPAQ.

Once the enterprise is certified, all batches of small containers it produces for retail sale in Quebec must be submitted for quality control analysis. The maple syrup bearing the Siropro logo is the only maple syrup for which each batch is analyzed by an independent third party, contrary to other types of certification for which the certified enterprise performs its own quality control analyses. The logo is thus a pledge that the maple syrup was produced under safe and healthy conditions and that the product was analyzed before ending up on the Quebec retail market.

## UNION ACTIVITIES

In accordance with their usual practice, FPAQ leaders conducted their February tour of the 11 maple syrup producing regions of Quebec. The table presents the schedule of this tour. The producers present were able to discuss the sales agency's track record, promotion and market development activities, and income security.

Maple syrup producers syndicate	Next meeting	Place	Maple syrup producers syndicate	Next meeting	Place
Saint-Jean-Valleyfield	Jan. 18	St-Antoine-Abbé	Mauricie	Feb. 15	Grand-Mère
Lanaudière	Feb. 2	St-Liguori	Saint-Hyacinthe	Feb. 16	St-Hyacinthe
Quebec	Feb. 8	St-Nérée	Outaouais-Laurentides	Feb. 17	Brébeuf
	Feb. 14	Deschambault	Bas Saint-Laurent	Feb. 21	Sayabec
	Feb. 24	Ste-Agathe		Feb. 22	Dame-du-Lac
Central Québec	Feb. 9	Notre-Dame-du-Bon-Conseil	Côte-du-Sud	Feb. 22	St-Jean-Port-Joli
Eastern Townships	Feb. 10	Lac Mégantic	Beauce	Feb. 23	St-Georges-de-Beauce
	Feb. 15	Rock Forest			

## LEGAL MATTERS

### Agreement with the *Union acéricole paysanne*

The officers of the *Union acéricole paysanne* met with the management of the FPAQ at the end of November to regularize their members' status. A regulatory framework was adopted for the imposition of penalties for producers who have contravened the sales agency's regulations and the Maple Syrup Producers Joint Plan. The penalties payable for producers who contravened the sales agency regulations are 25¢ per pound, when supporting documents are submitted, and 40¢ per pound in the absence of such documents, for each of the production years in question. Moreover, producers who regularize their status must also pay their contribution of 10¢ per pound. On the other hand, producers who regularized their situation received a quota calculated on the same terms as the 7,300 existing maple syrup operations. The FPAQ also terminated the legal proceedings against these producers. About ten producers thus visited the FPAQ to regularize their situation.

### Victory in the Court of Appeal

The FPAQ has just won another round in the courts. In a unanimous judgment rendered at the beginning of last December, the Court of Appeal upheld the legality of the maple syrup producers sales agency. The judgment rendered by Judges André Brossard, René Dussault and Thérèse Rousseau-Houle dismissed Coopérative Citadelle, which claimed that the sales agency's operations broke its link with its members. Thus, Coopérative Citadelle can always sell its members' syrup on the markets of its choice.

### Black market networks

Several investigations are in progress to document small-scale and large-scale networks of black market buyers doing business throughout Quebec. Several case files have already been transmitted to the *Régie des marchés agricoles et alimentaires du Québec*. The producers and buyers involved in the transactions are subject to penalties of up to \$2.40 per pound and revocation of their quotas. These investigations are further to the resolution adopted by the maple syrup producers' Annual General Meeting last November 4, which called for the necessary action to be taken to enforce collective marketing regulations. Compliance with these regulations makes it possible to maximize the agency's sales and thus payments to maple syrup producers.

About an hundred producers are currently under investigation. Failing an agreement with the FPAQ before March 1, 2005, these producers will be the object of requests to the RMAAQ for orders to disclose information on the marketing of their production.

Buyers under investigation <sup>1</sup>	Region
4032055 Canada Inc. (Jean-Yves Lepage + Martin Malenfant)	Bas-St-Laurent
Marcel Doyon	Beauce
René Leclerc	Beauce
Les produits d'érable Bois-Francs (André Lamothe)	Mauricie
Les produits de l'érable Philva inc. (Patrick Moreau)	Mauricie
Clément Nadeau	Beauce
Exportation RJS inc.	Beauce
René Roy	Canton de l'Est
Ferme Gérald Beauregard	Montérégie
Sirop d'érable HRB	New Brunswick
Robert Jalbert	New Brunswick

<sup>1</sup>Buyers subjected to a request of investigation by the RMAAQ.

## PROMOTION

### Report on the fall and Christmas campaigns

The FPAQ organized major promotion campaigns in Quebec during the 2004 fall and Christmas periods. The campaigns, "*Faites une place à l'érable dans votre cuisine*" (Make a place for maple in your kitchen) and "*Un très joyeux temps des sucres*" (A very happy maple sugar-making season) were very successful:

- Two recipe booklets were produced, one for the back-to-school period and the second for the Christmas period. More than 2,200,000 recipe booklets were distributed throughout Quebec via PubliSac.
- A contest on the fall theme "Cuisinez à l'érable" (Cook with maple) and a contest on the Christmas theme "Venez vous la couler douce" (Let the good times pour) were attached to the respective recipe booklets.
- In September and October, commercials informing consumers of the advantages of including maple syrup in their everyday cooking were broadcast on several radio stations in the major urban centres and the regions (10 radio stations for an average audience of 3,250,000 people).
- From October to December, ads were published in different women's magazines (21 insertions).
- Grocery store tastings of Siropro certified maple syrup (regular and organic) supported the fall promotion campaign. Consumers were able to taste maple syrup on Liberty plain yogurt accompanied by fruit in a large number of Métro and IGA grocery stores throughout Quebec.
- Financial partnerships with Liberty and La Crème contributed to the success of the fall and Christmas promotions.

### Successful school drawing contest

From November 5 to December 24, 2004, the FPAQ invited Quebec's 2,000 elementary schools (private and public) to participate in the drawing contest "*Dessine-moi Noël dans une érablière*" (Draw me Christmas in a sugar bush). The purpose of the contest was to increase schoolchildren's awareness of maple syrup production, deseasonalize consumption of maple products and introduce maple syrup into Christmas cooking. Over 600 schools responded to the invitation for this first edition.



Photos: Archives D N

The winning pupil's drawing will be used to replace the traditional image found on maple products packaging for the 2005 holiday period (November and December) exclusively. A portion of the profits will be turned over to the Sainte-Justine Hospital Foundation. The contest winners will be announced this February 24.

### Opening of the maple syrup season

For the second year in a row, the FPAQ is organizing a celebration to mark the *Official Opening of Sugaring Time*. The event will be held at Complexe Desjardins in Montreal on March 2, 2005 and will be open to the public on March 3 and 4. The FPAQ will take the opportunity to inform the public and the industry's main stakeholders about the wide variety of maple products.

### Campaign in Japan

Promotional activities will take place at the international level. The most important is the *Opening of Maple Sugar Time* in Japan, scheduled for the end of March 2005. Japan is the second biggest importer of maple syrup and the market still offers strong growth potential. A recipe booklet created by Japanese for Japanese will be distributed in the greater Tokyo region. Public relations activities, an information booklet for importers and a visit to Quebec for Japanese journalists – also in March 2005 – will support the promotion campaign in Japan.

### Nutritional value of maple products

Finally, the FPAQ has initiated a major nutritional and nutraceutical study of maple syrup. The results of this two-phase study will be available at the end of summer 2005. The study, conducted by Cintech agroalimentaire, is funded by the FPAQ Market Development Fund and the CDAQ.

Ultimately, the data collected can be used by the producers and the maple syrup industry to meet the Agriculture and Agri-food Canada obligation to include the nutritional values of maple products on the packaging of their products, effective December 12, 2005.



Photo: Archives TCN