

PROMOTION

Restaurant owners wanted - to participate in a promotional program for maple products entitled, *Ici on sert du vrai sirop d'érable* (We serve real maple syrup here).

**ICI ON SERT
DU VRAI SIROP
D'ÉRABLE**



The Quebec Maple Syrup Producers Federation is presently running a program designed to promote the use of 100% Quebec maple syrup, entitled *Ici on sert du vrai sirop d'érable*. This visibility campaign is aimed at establishments such as restaurants, hotels, B&B's, etc. that serve 100% pure maple syrup without charge for breakfast all year around.

Participation is free!

In exchange for their participation, the restaurant owners will receive stickers to place in their windows and on their menus, in order to inform their clients about the quality product that is offered without charge when they order an appropriate meal (pancakes, waffles, French toast, etc.). The names and addresses of the participating restaurants will be posted on the website www.sucrezmieux.ca.

The purpose of this program is to enable consumers to choose establishments where only 100% pure maple syrup is served and to allow them to benefit from both the pleasurable taste and the nutritional benefits of this natural sweetener. The Quebec Maple Syrup Producers Federation is intent on encouraging the consumption of this great local resource all year around.

If you sell syrup to restaurant establishments and you know that they serve the maple syrup without charge, we invite you to give them this information and ask them to contact Mrs. Johannie Coiteux, promotions officer, at 450-679-7021 or by e-mail at jcoiteux@upa.qc.ca, so they can receive their promotional stickers.

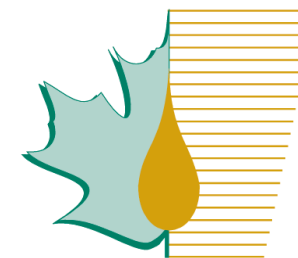
What is the difference between the program *Ici on sert du vrai sirop d'érable* and the *Route de l'érable*?

The program *Ici on sert du vrai sirop d'érable* is aimed at restaurants that serve 100% pure maple syrup with breakfast without charge. Participation is free and voluntary for restaurant owners. The *Route de l'érable* is a project conducted by the Federation with the objective of recognizing establishments that use and promote maple products in an innovative manner. A selection committee chooses the establishments, based on pre-set criteria. There are 30 establishments scattered throughout the five regions of Quebec that are included in the *Route de l'érable*. The project was initiated in March 2007.

SPECIAL ASSISTANCE PROGRAM

As these lines were being written, there was still no agreement between the Federation and Quebec's Agriculture minister, Laurent Lessard, for a special program to assist maple syrup producers who suffered catastrophic crop losses in 2007.

A tentative program was presented by the minister's office last October 19. The Federation categorically refused this offer. The offer included only a component to enable producers to borrow money in order to obtain additional cash flow. There was no component to pay for any real financial aid to compensate for losses suffered by the affected businesses, which will not be covered by the CAIS program.



SYRUP-INFO Fall 2007

Info Newsletter

From the Quebec Maple Syrup Producers Federation

Message from the president

By Pierre Lemieux, president



On October 5, the Régie des marchés agricoles et alimentation du Québec handed down a decision that maple producers had been waiting for impatiently. In this decision, the Régie set the procedure for the allotment of new quotas, which will allow maple producers to increase their production, starting with the 2008 season.

The Régie approved the major portion of the Federation's proposal and for that, we have reason to rejoice. For example, it accepted the increase of the quota factor from 75% to 90%. In addition, specific volumes of quota will be reserved for aspiring producers (start-up enterprises), for expanding existing operations, for the conversion from pails to tubing and for improving quota levels for "insufficiently covered" enterprises.

However, the Régie did reject some important elements. This is discouraging since the proposed policy was well thought out. Its various components were aimed at providing a well-structured and equitable development for maple production. It should be remembered that this policy is for a one-time-only application and it is not recurrent. It was not designed as a quota allocation formula for the next 20 years. In this context, it was appropriate to align it to specific issues, the pertinence of which could evolve over time (replacement of pails, increased quota for "insufficiently covered" enterprises, pre-established ratios for start-up operations on public and private lands, etc.).

In any event, the policy for increasing quotas has now been determined. The Federation's personnel are ready to implement it efficiently. For producers, it is important that we acquaint ourselves with the policy and send in our quota requests. We will probably be numerous in wanting to increase our production and consequently, the increased volume granted to each producer will be limited. I would therefore advise you to be prudent and wait until your additional volume allotment is known before making investments while preparing for the up-coming season.

Quota Increases

3 components approved by the Régie

1. ↑ Increase the quota factor from 75% to 90%
2. Dedicate 10.5 M lb new provisional quota (contingent intérimaire) for the following types of projects:
 - start-ups (new producers) 1.2 M lb
 - consolidation 6.3 M lb
 - from pails to tubing
 - expansion
 - growth for "insufficiently covered" enterprises 3.0 M lb
3. Encourage producers to produce an average of 85% of their quota over 5 years.

✓ TO LEARN MORE

The decision 8881 may be consulted on the website of the Régie des marchés agricoles et alimentaires du Québec (www.@rmaa.qc.ca)

Application forms for start-up, consolidation or growth projects, a business plan preparation guide, as well as instructions on preparing a farm plan are all available on the Federation's website at www.siropperable.ca.

The 2007 crop and maple syrup inventories

According to the survey on the 2007 crop, conducted by the independent firm Groupe AGECO, the total harvest of maple syrup in Quebec for 2007 is estimated at 61.7 million pounds. This figure includes syrup sold directly on the farm. Although yields were extremely variable from one region to another, this translated at the provincial level to a decrease of over 10%, due to unfavourable climatic conditions.

As of July 30, 2007, the amount of bulk syrup delivered and graded is estimated to be 49 million pounds; a drop of 13.5% compared to the same period last year.

On the American side, USDA statistics show a decrease of 13% in production.

Generally speaking, the 2007 crop was severely affected by weather conditions and it is expected that syrup inventories from previous years will have to be used in order to meet the market demand in 2007. Before the 2007 crop, maple syrup inventories were at approximately 37 million pounds. In light of the projected sales, it is now estimated that these inventories will drop to between 8 and 13 million pounds by March 2008.

Market Development

In 2006, sales continued their constant rise (+ 10% on the Quebec market and + 11% on the export market). The most recent figures (Statistics Canada) on maple product exports indicate that, during the first three months of 2007, sales have exceeded those for the same period of 2006.

Estimates of Market Demand

Market trends for the next several years cannot be predicted with precision. Furthermore, it is impossible to know in advance the weather conditions and the state of the crop for 2008.

However, assuming that bulk and retail sales of syrup continue to increase in 2007 (5%) and in 2008 (3%) and that on-farm sales (not regulated by the Act) remain stable, it can be estimated that, in order to meet market demand, syrup production for the bulk market should approach 90 million pounds.

An estimate of the production deficit

Presently, the number of declared taps exceeds the 37 million mark and the current quota (at 75%) represents 68 million pounds of syrup. However, it is known that in any given year, a certain percentage of these taps are not exploited and some operations do not fill their entire quota. For example, in 2006, only 44% of the enterprises produced at least 95% of their quota and 17% did not use their quota (because their production was sold entirely on the farm or because they did not produce at all). For the 2007 season, it is estimated that only 35.6 million taps were actually in use.

In this context, if the yield of the next crop is average (2.25 lb/tap), it would be reasonable to plan to increase the provisional quota (PQ) that producers are allowed to produce to 90%. In addition, it is believed that the market could absorb the production from additional taps, which would translate into the allocation of new provisional quota (10.5 million pounds), also limited to 90%.

$$PQ \text{ (actual)} + PQ \text{ increase} = 92 \text{ M lb} + 10.5 \text{ M lb} = 102.5 \text{ M lb}$$

	Retail and bulk	Bulk
Total PQ	102.5 M lb	100.0 M lb
At 90%	92.3 M lb	90.0 M lb

How to distribute this increase?

In order to develop a fair and well-structured policy that would permit an increase in production as soon as 2008, the Fédération mobilized its leaders and staff, in order to consult with the producers affected by the joint plan, through various methods.



FPAQ's extended Board of Directors, June 14, 2007

1. Court of Appeal decision in the *Ferme Brien & Fils Inc.* case (May 31, 2007)

The Court of Appeal upheld the decision of the Superior Court, which confirmed the decision of the Régie des marchés agricoles et alimentaires du Québec, indicating that the joint plan also covers derivative products, such as icings, maple butter, lollipops, salad dressings, toppings, maple caramel and maple jelly processed from, among other things, the maple syrup produced by Ferme Brien et Fils Inc.

In short, "the maple syrup that Ferme Brien produces in its sugar bush, no matter in which form it is subsequently marketed, whether it is combined with other ingredients or if it undergoes processing to become a food product," is subject to the joint plan.

2. Appeal Court decision concerning Marcel Doyon (April 16, 2007)

Once again, the Court of Appeal upheld the decision of the Superior Court which confirmed a decision of the Régie des marchés agricoles et alimentaires du Québec, condemning Mr. Marcel Doyon to pay damages amounting to more than \$104,000 and over \$3,000 in fees.

The debate focused mainly on the "authority of a final judgement" regarding a decision handed down by the Honourable Judge Ross Goodwin, who rejected the arguments in the application for judicial review concerning previous marketing conventions. It should be noted that Mr. Marcel Doyon has recently made application for permission to appeal this judgement to the Supreme Court of Canada.

3. Decision of the Régie concerning Mr. Henri Bourgoïn of New Brunswick (May 16, 2007)

In this decision, the Régie confirmed the legality of the liquidated damages imposed in the Marketing Convention and dealt with the presumptions of Mr. Bourgoïn, who claimed that he was not subject to the Quebec legislation, including the Marketing Convention, since he was a resident of New Brunswick.

The Régie concluded that maple syrup buyers, whether they are residents or not, are subject to the terms of the applicable conventions in the territory of Quebec and that "... Mr. Bourgoïn, like any other buyer when buying syrup in Quebec, is subject to the terms of the Marketing Convention that is applicable in Quebec, no matter where he resides."

The Régie added, "the opposite would lead to utter chaos and would, in a very short time, cause the collapse of the collective marketing mechanisms put into place to encourage the efficient and organized marketing of maple syrup."

The Fédération has asked that the Quebec Superior Court homologate this decision, in order to proceed with an application for its execution in New Brunswick.

Mr. Bourgoïn has appealed this decision.

4. Decision of the Régie concerning *Érablière G.F. Marois inc.* (June 29, 2007)

Érablière G. F. Marois inc. declared to have sold, in some years, maple syrup in four-litre containers and in other years, to have put its maple syrup in containers under five litres.

The evidence presented by Érablière G. F. Marois inc., Mrs. Fortin-Marois and Mr. Marois was judged to be not credible and the Régie sentenced them, on the basis of regional production statistics, to pay the Fédération \$27,900.10 (plus taxes and interest) for unpaid fees, \$320,588 in damages for not having their syrup graded and inspected and \$209,561.05 in penalties for having produced maple syrup without a quota.

5. Decision of the Régie concerning Mr. Richard Vallières, *Les Exportations R.J.S. inc.* and *9146-2655 Québec inc.* (July 10, 2007)

The strategy used by Mr. Vallières, in this case, was to supply containers to producers so that they would sell their syrup to him in four-litre containers, where he would then transfer the cold syrup into maple syrup barrels destined for export sales.

The Régie determined that "... Mr. Vallières and the companies that he ran acted deliberately to enter into bottling agreements, with the objective of circumventing the terms of the Marketing Convention."

As a result, Mr. Vallières and the concerned companies were sentenced to pay \$300,000 in damages for having failed to have the quality of the product verified, as well as \$1.5 million in damages for having contravened the Marketing Convention.

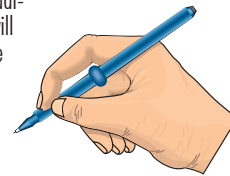
A warning and a request for cooperation...

In spite of the general enthusiasm for increasing the production levels next season, it is important to remember that the additional quota volumes to be allocated are limited and the number of applications will probably be quite high. The volume granted for each project may therefore be somewhat less than the applicants are hoping for. In view of this, it is strongly recommended to wait for confirmation of your additional quota allotment before proceeding with investments to increase your production.

For example, with regard to projects for increasing the size of the sugar bush (consolidation), last year approximately 3,000 maple producers declared that they were in a position to increase their number of taps. If all of these businesses apply, while others apply to the MRNFQ to obtain permits to operate sugar bushes on public land, the allocation of the available volume among the admissible applicants may result in authorized increases of less than 1,000 taps.

Similarly, if all of the producers who meet the conditions for the "insufficiently covered" (growth) category were to apply for quota increases, the additional percentage granted would not be 10%, but more like 5%.

In addition, as for most of the elements of this program, the additional volume will be allocated on a one-time-only basis and will depend on the number of applicants. It is important to make sure that your file is complete and that your application forms are signed, in order that they may be processed rapidly. You are no doubt anxious to know what your quota will be for 2008. Your cooperation is therefore requested to permit us to do the job as quickly as possible.



TRAINING FOR QUALITY

Training sessions concerning maple syrup in small containers

The Federation is still waiting for the Régie des Marchés agricoles et alimentaires du Québec to approve the regulation regarding the quality and classification standards for maple syrup in small containers. Nevertheless, several training sessions are currently available to producers who sell maple syrup in small containers on the retail market. If this type of training interests you, please contact the person in charge, as listed in the calendar below.

Regional Training Calendar for "Quality Maple Syrup in Small Containers – Basic Training."

08/11/2007	Havelock, Montérégie Ouest	M. Camille Loïselle (450) 454-5115 poste 285	15/12/2007	Mirabel, Laurentides	M ^{me} Monique Paquette (450) 434-8150 poste 5764
09/11/2007	Lac Mégantic, Estrie	M ^{me} Joëlle Guay (819) 346-8905 poste 114	08/01/2008	Mirabel, Laurentides	M ^{me} Monique Paquette (450) 434-8150 poste 5764
22/11/2007	Portneuf, Québec	M ^{me} Manon Lepage (418) 872-0770	09/01/2008	St-Hyacinthe, Montérégie Est	M ^{me} Ginette Dion (450) 774-9154 poste 224
23/11/2007 (à confirmer)	Montérégie Ouest	M. Camille Loïselle (450) 454-5115 poste 285	16/01/2008 (à confirmer)	Montérégie Ouest	M. Camille Loïselle (450) 454-5115 poste 285
26/11/2007	Trois-Rivières, Mauricie	M ^{me} Caroline Lafrance (819) 378-4033 poste 230	20/01/2008	St-Ignace-de-Stanbridge, Montérégie Est	M ^{me} Ginette Dion (450) 774-9154 poste 224
27/11/2007	Victoriaville, Centre-du-Québec	M ^{me} Guylaine Martin (819) 758-6401 poste 2702	21/01/2008	Coaticook, Estrie	M ^{me} Joëlle Guay (819) 346-8905 poste 114
28/11/2007	Bellechasse, Québec	M ^{me} Manon Lepage (418) 872-0770	22/01/2008	St-Georges, Beauce	M ^{me} Sonia Dumont (418) 228-5588
07/12/2007	St-Georges, Beauce	M ^{me} Sonia Dumont (418) 228-5588	23/01/2008	Joliette, Lanaudière	Collectif de formation agricole (450) 753-7486 poste 350
10/12/2007	Rimouski, Bas-St-Laurent	M ^{me} Linda Tremblay 1-866-856-3443	29/10/2007	Mont-Laurier, Laurentides	M ^{me} Monique Paquette (450) 434-8150 poste 5764
11/12/2007	Rivière-du-Loup, Bas-St-Laurent	M ^{me} Linda Tremblay 1-866-856-3443	01/01/2008	Québec, Québec	M ^{me} Manon Lepage (418) 872-0770
12/12/2007	St-Jean-Port-Joli, Côte-du-Sud	M ^{me} Linda Tremblay 1-866-856-3443	02/01/2008	St-Georges, Beauce	M ^{me} Sonia Dumont (418) 228-5588

Quota should translate into production

The Régie approved the principle that quota must serve to make maple syrup. Consequently, starting with the 2008 season, bulk deliveries (including over-quota volumes) and declarations of sales in small containers to an intermediary, will be compiled for each producer. At the end of five years, the annual average of these volumes will determine the quota's average utilisation rate. Those who have a utilisation rate below the 85% target will have their quota cut by the amount missing to meet this target.

Can a business qualify for several projects at the same time?

Yes. The same enterprise can qualify for several projects at the same time. For example, a business, if it meets all of the requirements, may obtain additional quota to replace pails with tubing, to install new taps and obtain a quota increase under the "insufficiently covered" category (growth quota).

Examples

Year	Quota	Volume (bulk) + declared retail
2008	10,000	8,000
2009	10,000	10,000
2010	10,000	6,000
2011	10,000	12,000
2012	10,000	5,000
TOTAL	–	41,000
Average	–	8,200

Target (85%) = 8500 lb.
Average = 8200 lb.
Quota cut = 300 lb.



Use the advisory services to:

- Plan for the expansion of your business
- Increase the net income of your business
- Improve the quality of your syrup by reducing flavour defects
- Optimize the energy efficiency of your evaporator
- Obtain superior syrup yields per tap

Are you interested?

Rely on Réseau agriconseils advisors for:

- Analysis and evaluation of your business and your technical performance
- Improvement of your productivity in terms of yield and organization of work
- Control and supervision of your technical management at each step of production
- Improvement and adaptation of the quality of your syrup, tailored to the demands of your markets.
- Support in your investment decisions
- Evaluation and improvement of your plastic tubing network

Financial assistance is available – find out more!

Producers have already seen results!

"The use of the advisory services available through my maple production club allows me to obtain information rapidly. I have access to a specialist and to additional training. It has allowed me to save a lot of money. For example, my advisor helped me to adjust my evaporator, resulting in:

- a decrease of 4.3% in my energy costs;
- a significant improvement in the quality of my syrup."

- Gaëtan Grondin, maple producer.

Visit our website at www.agricconseils.qc.ca

A single telephone number to reach us: **1 866 680-1858**

QUOTA INCREASES FOR 2008

INCREASE OF THE QUOTA FACTOR (FROM 75% TO 90%)

AUTOMATIC - YOU DO NOT HAVE TO ASK FOR IT

Starting with the 2008 season, the quota factor will go from 75% to 90%. This increase will be automatically given to all present holders of quota, in order to raise production in sugar bushes already declared. When you receive your quota certificate, the volume will already be adjusted.

Example :

- Provisional quota: 10,000 lb.
- 2007 quota: 10,000 lb. x 75% = 7,500 lb.
- 2008 quota: 10,000 lb. x 90% = 9,000 lb.

START-UP PROJECTS

DEADLINE FOR APPLICATIONS: DECEMBER 15, 2007

A specific volume has been reserved for starting new enterprises. Projects will be evaluated according to an analysis grid. If the number of projects exceeds the volume available for distribution, the allocation will be done by a draw among all projects having obtained 60% or more on their evaluation.

Total volume reserved: 1.2 M lb (reduced to 90%)

Deadline for start-up: Spring 2009

Documents required with the application:

- Application form, duly completed and signed;
- Business plan;
- Farm plan (certified by a forestry engineer);
- Deed of ownership or lease for public land (must be submitted by December 15, 2008 at the latest);
- Proof of the project's financial feasibility.

Principal criteria:

- Must be a new producer (not presently holding quota);
- Evaluation grid
 - 50% business plan;
 - 20% education/training or pertinent experience;
 - 15% proximity of residence to the sugar bush;
 - 15% processing of the sap at the sugar bush.
- Maximum size of project: 25,000 taps;
- Commitment to produce for at least three years.

Distribution process:

- 82% for projects on private land, 18% for projects on public lands;
- If demand exceeds the supply, the allocation will be done by a draw (separate draws for public and private land);
- Projects obtaining 60% or more on their evaluation will participate in the draws;
- The provisional quota allotments will be calculated at 2.5 lb/tap (reduced to 90%, equivalent to 2.25 lb/tap).

Examples :

- A new enterprise wishing to operate a new sugar bush;
- A sugar bush already in production, but until now, selling all of its production directly to consumers.

DO NOT FORGET TO SIGN YOUR APPLICATION FORMS

QUOTA INCREASES FOR 2008

CONSOLIDATION PROJECTS

DEADLINE FOR APPLICATIONS: NOVEMBER 15, 2007

A specific volume has been reserved to allow existing enterprises to consolidate, either firstly, by converting from pails to tubing or secondly, by adding new taps, either by re-introducing abandoned taps, by expanding a presently declared sugar bush or by bringing into production a new sugar bush.

Total volume reserved: 6.2 M lb (reduced to 90%)

Deadline for completion: Private land (spring 2008) – Public land (spring 2009)

Documents required with the application:

- Application form, duly completed and signed;
- Farm plan (can be made by the producer or by a consultant of his choice).

Principal criteria:

- Must presently hold quota;
- The project can be on public land or on a sugar bush owned by the applicant;
- Only an applicant who already produces his entire quota on private rented land (not belonging to him) may present a project for a sugar bush that he is renting;
- Commitment to produce on the sugar bush described in the project for at least five years.

Types of projects:

Conversion from pails to tubing

Quota distribution process

- Projects regarding conversion from pails to tubing will have priority;
- Only those having declared taps with pails on their registration card will be eligible for this category;
- Quota will be increased by 1.1 lb for each tap converted (reduced to 90%, equivalent to 1 lb/tap);

Projects may not include taps already converted in the past.

Example :

- A sugar bush with 5,000 taps wishes to convert 1,000 taps from pails to tubing. It will obtain 1,000 taps x 1.1 lb. x 90% = 990 lb of additional provisional quota.

New taps (expansion, re-introduction of taps)

Quota distribution process

- Allotments will be made in successive 1000-tap tiers.
- The provisional quotas granted for expansion projects are calculated at 2.5 lb/tap (reduced to 90%, equivalent to 2.25 lb/tap).

Example :

- The volume granted will depend on the number of applicants. If it is impossible to complete a tier, the available volume will be distributed on a pro-rata basis among the applications.

GROWTH (FOR "INSUFFICIENTLY COVERED" ENTERPRISES)

DEADLINE FOR APPLICATIONS: NOVEMBER 15, 2007

A specific volume of provisional quota is reserved to boost the quota of enterprises considered as "insufficiently covered." This expression is used to designate enterprises whose quota is not representative of their present production capacity. The principal allotment criterion is to have produced close to its entire quota during a minimum of two years since 2004 (inclusively).

Total volume reserved: 3 M lb (reduced to 90%)

Total volume reserved: 3 M lb (reduced to 90%)

Documents required with the application:

- Application form duly completed and signed.

Principal criterion:

Having produced at least 95% of its quota at least two years out of four (between 2004 and 2007 inclusively). The volume delivered in bulk, as well as that declared as sold in small containers to an intermediary, is included in this calculation.

Example :

Provisional quota: 10,000 lb.

Quota (at 75%): 7,500 lb.

Syrup delivered in bulk or declared retail sales:

- 2004: 11,000 lb. (147% of 75%)
- 2005: 6,000 lb. (80% of 75%)
- 2006: 7,300 lb. (97% of 75%)
- 2007: 3,000 lb. (40% of 75%)

If he applies, this producer can have access to an increase in his provisional quota, since he produced at least 95% of his quota for two years out of four. The amount of increase will depend on the number of admissible applications.