

InfoSyrup Spring 2006

Editorial

Inventories finally drop

Since 2000, the *Federation of Quebec Maple Syrup Producers* (the FPAQ) has worked relentlessly to organize the marketing of maple syrup in order to obtain better income for Quebec maple syrup producers. The negotiation and implementation of a surplus removal program, a bulk maple syrup sales agency, quality control mechanisms for our commodity, a program of advances on the value of maple syrup deliveries, marketing agreements with processors, a maple syrup production quota system, a maple syrup inventory stabilization program supplementing the CAIS – all these are tools now benefiting Quebec producers. All this in five years! We can all be proud of the progress achieved, because thousands of producers contributed to it in various ways, by getting involved in the organization or supporting action taken. In this regard, let me tell you that a few words of encouragement over the phone or at the end of a meeting, late in the evening, have a greater impact than one might think.

I will not conceal the fact that the past few years have been difficult at times. Organizing the marketing of our production required hundreds of meetings with maple syrup producers from all over Quebec to discuss the orientations to be followed. The defence of our rights necessitated hundreds of hearings before the *Régie des marchés agricoles et alimentaires du Québec*, the *Superior Court*, the *Court of Appeal* and even the *Supreme Court of Canada*. Dozens of Members of Parliament, MNAs and political attachés were met to explain our approach.

Today, I am convinced that Quebec maple syrup producers have the tools they need to develop their production and improve the income derived from their work. However, we are collectively responsible for the results obtained. At the dawn of the new harvest season, we should ask ourselves whether, as individuals, we want to undermine the achievements of the past few years. Black market maple syrup sales don't hurt us at the FPAQ, but they directly harm all producers who can't sell more of the inventories accumulated in the warehouses. A drum of maple syrup sold outside the system is one less sold through the sales agency. This hurts everyone, even those who don't respect the collective marketing system.

I don't believe that producers want to be the authors of their own misfortune. I therefore hope that, all together, we can rally the individuals who still believe that selling one or two drums on the black market doesn't hurt anyone. These people are not unknown to us. Often they are a brother-in-law, a neighbour or an old acquaintance.

This year, we see what respecting the production quotas can generate. As of March 15, 2006, producers will have received the equivalent of at least 100% of the value of their in-quota deliveries. Even more significantly, the inventories of past years will have shrunk by a few million pounds. Finally, the supplemental program negotiated in 2005 will help producers bear 50% of the costs related to inventory support and market development.

You can be assured that the FPAQ will continue to apply all the means at its disposal to compel offending producers and buyers to abide by the regulations in force. The jurisprudence favours collective marketing, and this year's inventory reductions work in favour of continuing the work already begun.

Pierre Lemieux

Maple Syrup Quota

Registration Forms

As of January 30, 2006, over 5,500 producers had returned their registration forms, allowing us to close the 2005 marketing year and finalize the March 15, 2006 payments. Late registrants have already received a reminder. Producers who are late in returning their registration form slow down the processing of their 2005 payments and 2006 cash advances, because this form must be completed.

2006 Maple Syrup Quota

The 2006 quota will be identical to last year's quota. An increase will be granted once inventories have dropped to an acceptable level. All producers will receive a new certificate confirming their quota holding.

Quota Adjustment

In 2005, the FPAQ brought together ten maple syrup producers who process their production and sell on the retail market to discuss future improvements to the marketing system. The purpose of this committee's work was to follow up on a resolution adopted in 2004 by the Annual General Meeting of maple syrup producers.

This committee proposed eliminating the 25% cutback on declared retail sales used in calculating the maple syrup quota, because some producers were unable to supply the market they had developed over the years. For example, a producer who sold 100% of his production to a grocery store in his municipality before the introduction of the quota system found himself compelled to reduce his supply to his customer.

This committee also proposed the adoption of a regulation on the quality of syrup in small containers to prevent dumping of poor quality syrup on the retail market.

Representations were made to the *Régie des marchés agricoles et alimentaires du Québec* in fall 2005 on these two issues.

On December 19, 2005, the *Régie des marchés agricoles et alimentaires du Québec* rendered a decision amending the quota regulation to allow an adjustment to the quota of producers who had reported retail sales with an intermediary in 2003 and 2004. This adjustment can be used only for retail sales and will be lost if the sugar bush changes hands. The adjustment is made on the quota certificate that will be mailed in February. This measure applies only to producers who reported retail sales in 2003 and 2004.

The *Régie des marchés agricoles et alimentaires du Québec* is also asking the FPAQ to consult producers again on the draft regulation on the quality of maple syrup in small containers before it can ratify this draft. The RMAAQ particularly wants the regulation to be more specific regarding the obligations of maple syrup producers.

Maple Syrup Sales Sales Versus Grading in 2005

Maple syrup sales outpaced bulk syrup production in 2005, meaning that the inventory level from past years diminished. This is the first inventory reduction in five years. We forecast that over 63 million pounds of maple syrup will be sold for the 2005 marketing year for grading that will reach 58.5 million pounds. This will mean a net reduction of 4 to 6 million pounds of inventory. However, AA and A syrup from the 2005 crop had trouble finding takers during the year. The processing and bottling companies were more interested in darker syrup. The FPAQ therefore implemented a policy of selling lots composed of 2005 light syrup (AA and A) combined with dark syrup (C and D) from the previous years' inventories to maintain a certain balance in the grades of syrup available in inventory and pay producers for their 2005 in-quota deliveries. Table 1 summarizes the sales forecast for this year. The report on sales will be dated March 15, 2006.

Table 1
Sales Versus Deliveries in 2005 (as at January 25, 2006)
(millions of pounds)

Grades	Deliveries in 2005	Forecast sales	Inventory variations
AA regular	12.1	11.6	+ 0.5
AA organic	1.4	0.8	+ 0.6
A regular	15.5	14.6	+ 0.9
A organic	2.8	1.2	+ 1.6
B regular	13.8	13.6	+ 0.2
B organic	2.3	2.0	+ 0.3
C regular	6.8	12.2	- 5.4
C organic	1.1	1.7	- 0.6
D regular	2.1	4.9	- 2.8
D organic	0.3	0.4	- 0.1
NG regular	0.3	0.3	0.0
NG organic	0.0	0.0	0.0
Total volume	58.4	63.3	- 4.8
Over-quota volume	0.8	---	---
Quota delivered	57.6	---	---

The amounts are influenced by rounding

A positive inventory variation means that syrup from 2005 will be warehoused, while a negative variation indicates that syrup from past years will be sold.

Citadelle Grievance

On December 22, 2005, the *Régie des marchés agricoles et alimentaires du Québec* ruled in favour of the FPAQ against *Coopérative Citadelle*, which was contesting the FPAQ's maple syrup sales policy.

Citadelle wanted to buy dark maple syrup from inventories without having to purchase light syrup from the 2005 harvest. The FPAQ opposed this request, because the sale of dark syrup brings in less money than light syrup, which has a negative impact on maple syrup producers' payment. The FPAQ, with the agreement of a majority of maple syrup buyers, has a policy of selling lots composed of light syrup and dark syrup to maintain a balance of grades in inventories. In its Decision 8501, the *Régie des marchés agricoles et alimentaires du Québec* specifies that the sales policy does not prevent a buyer from procuring syrup in the grade of his choice, under another price grid. Also, the sales policy allows a business to buy syrup with no flavour defects, under another price grid.

The *Régie des marchés agricoles et alimentaires du Québec* also concluded that the FPAQ had the right to ask for a cash guarantee for the syrup that a business undertakes to buy during the year. Moreover, the FPAQ can request an irrevocable written commitment from syrup buyers regarding the quantities requested for the year in order to favour effective and fair application of the marketing agreement, especially since the syrup can be purchased at any time of the year.

However, the *Régie des marchés agricoles et alimentaires du Québec* concluded that the FPAQ cannot compel a buyer to waive re-grading of pasteurized syrup or syrup graded more than three months earlier.

Approval of a Sale of NG and VR Syrup

On July 15, 2005, the FPAQ offered for sale all of the pasteurized maple syrup inventories it held from the 2000, 2002, 2003 and 2004 crops, except for a volume of 1.8 million pounds that had been set aside for sale for industrial use by the Décacer company, following ratification of the contract by the *Régie des marchés agricoles et alimentaires du Québec*. This company has perfected a new industrial process and built a plant that allows production of quality maple flakes from syrup with flavour defects. This, therefore, is a new outlet for these syrup grades.

On December 28, 2005, the *Régie des marchés agricoles et alimentaires du Québec* refused to ratify the NG and VR maple syrup sales contract between the FPAQ and the Décacer company. The *Régie des marchés agricoles et alimentaires du Québec* concluded in its Decision 8513 that NG and VR maple syrup sales can be subject to the FPAQ's sales policy on conditions offered to all buyers. On January 16, 2006, the volume that had been reserved for Décacer was thus offered to all buyers, on conditions similar to those that had been required of Décacer. This means that this inventory is being sold (1) in VR and NG syrup lots, (2) at the prices under the agreement plus 25¢ a pound, (3) to a buyer who undertakes to use the syrup only for industrial purposes, (4) and who accepts that this be audited by a third party.

Pasteurization of 2005 Syrup

The FPAQ is finalizing pasteurization of the 4 million pounds of AA and A maple syrup from the 2005 crop which have not found a buyer. The pasteurization costs of in-quota syrup delivered will be divided among all maple syrup producers. The pasteurization costs of over-quota syrup will be charged to the maple syrup producer responsible for its production.

Advances and Payments

2000 Syrup

The 1,002 producers who held syrup inventories from the 2000 crop will see their loans repaid to their financial institution in spring 2006, because we are awaiting a decision from the *Régie des marchés agricoles et alimentaires du Québec* on this matter. The 1002 producers who had delivered syrup to the FPAQ in 2000 had been offered an interest-free loan, equivalent to the value of their deliveries and the pasteurization costs. *La Financière agricole du Québec* had guaranteed these loans and paid interest under the *2000 crop surplus removal program* negotiated in that period. By November 30, 2005, the FPAQ had already paid 40% of the value of the 2000 inventories thanks to last year's sales. The FPAQ Surplus Management Fund will acquire 60% of the remaining inventories, which will make it possible to close the lines of credit granted to producers on the value of their maple syrup. As of this spring, payment for the syrup from the 2000 crop will thus be past history. The Quebec Maple Syrup Producers' Surplus Management Fund nonetheless will own 10 million pounds of this crop, which it will have to use up before selling syrup from the 2002, 2003, 2004 and 2005 inventories. If the RMAAQ rejects this transaction, producers will be contacted.

2005 Cash Advances and Payment

The FPAQ will make another payment in the week of March 15, 2006, equivalent to 10% of the value of in-quota deliveries. The producers participating in the cash advance program will thus have received 100% of the value of their 2005 in-quota deliveries. In the March 15, 2006 summary, producers will see that the payment for their in-quota deliveries comes from 2000, 2002, 2003 and 2005 inventory sales.

Maple syrup producers who do not participate in the FPAQ cash advance program will receive a payment this March 15 corresponding to the actual percentage of syrup sales from the 2005 crop, as well as a payment for 2002 and 2003 syrup sales.

A third installment of the 15¢ a pound premium will be paid to organic producers based on sales as of this March 15.

2006 Advances and Payment

The cash advance and payment system will be based on the same formula in 2006. Thus, producers who participate in this program will receive:

- an advance in March 2006, amounting to \$1 per tap for producers who request it (*Agriculture and Agri-Food Canada*, which defrays the interest on this cash advance portion, does not allow payments to be made earlier, because the federal government's fiscal year begins on April 1);
- an advance within 15 business days of grading of their maple syrup (the grading date is different from the syrup delivery date to an authorized buyer). This advance will correspond to 75% of the value of their in-quota syrup delivered for all grades (AA, A, B, C and D);
- no advance will be paid on VR5 syrup (buddy taste) and NG (not graded) syrup so as not to encourage production of this syrup;
- no advance will be paid on over-quota syrup delivered, and the costs associated with receiving this syrup will be at the producer's expense;
- an advance of up to 90% of the value of the quota in December 2006 if the sales agency's sales support these payments;
- a payment on March 15, 2007 corresponding to the percentages of sales realized by the sales agency by that date;
- the 15¢ a pound premium will be paid to organic producers as the syrup is sold. For example, if 35% of the organic syrup received is sold by July 15, 2006, then 35% of the organic premium of 15¢ a pound will be paid on that date.

Producers who do not wish to participate in the cash advance program will receive a payment corresponding to the percentage of syrup sales received by the agency on July 15, 2006, November 15, 2006 and March 15, 2007.

Negotiation of the 2006 Marketing Agreement

The maple syrup marketing conditions are defined each year in an agreement between the buyers and the FPAQ, the maple syrup producers' sales agency. This agreement is the outcome of negotiations between the FPAQ and the maple syrup buyers. When the parties do not agree, this agreement is arbitrated by the *Régie des marchés agricoles et alimentaires du Québec*, which was the case in 2002, 2003 and 2004. In 2005, the 2004 agreement was applied because no party had asked to have it reopened.

The FPAQ's officers met with the maple syrup processing and bottling companies last September 29 to begin the negotiations that were supposed to lead to a new bulk maple syrup marketing agreement for 2006. The FPAQ's position can be summed up as follows: (1) an increase in the average price of maple syrup, (2) a reduction of the price differences between syrup grades, and (3) a distinction between syrup intended for direct consumption and syrup intended for industrial processing. The FPAQ is asking for revision of the price grid to reduce the gap between light and dark syrup, which accentuates the imbalance among deliveries of different maple syrup grades. The FPAQ also wants syrup with severe flavour defects not to be used in bottling of table syrup.

The processing companies are divided on the renewal of the marketing agreement. Some buyers would be ready to sit down with the FPAQ to come to a negotiated agreement. Others are coming back with demands that represent a step backward for producers, and which have already been rejected by the courts in the past.

A conciliation meeting was held last December 21 in an attempt to bring the parties closer together. Following this meeting, at which several maple syrup buyers did not want to get involved in a work process that could lead to a negotiated agreement, the FPAQ applied to the *Régie des marchés agricoles et alimentaires du Québec* for arbitration, which was held this February 6 and 7. We are waiting for a decision from the RMAAQ. The 2006 harvest will thus begin without knowing the terms and conditions of the next agreement. The maple syrup producers will be informed once the terms and conditions of the 2006 Marketing Agreement are known.

Dissolution of the RCPEQ

On May 15, 2006, the *Supreme Court of Canada* will hear the appeal filed by Citadelle and other buyers regarding the dissolution of the assets of the *Regroupement pour la commercialisation de l'érable du Québec* (RCPEQ). It is to be recalled that on March 9, 2005, the *Court of Appeal* rendered a decision in favour of the FPAQ in this case, which has been before the courts for several years. In short, the decision upholds the *Superior Court* judgment which turned over the RCPEQ's assets to the FPAQ, namely syrup and cash holdings valued at nearly \$20 million. The FPAQ's court proceedings are intended to provide producers with the balance payable on their deliveries in 1991-92 held by the RCPEQ, which managed maple syrup inventories before the creation of the Sales Agency. This move is vigorously opposed by a few processors. The *Supreme Court of Canada* decision should be rendered before the end of autumn 2006, which will put an end to this long court battle.

Legal column

Investigations were conducted on several fronts in the past year and involved retail markets, bulk markets, as well as producers and buyers of maple syrup.

Retail market

More than 300 small containers were purchased throughout Quebec to verify compliance with regulations on labelling, product quality, and maple production quotas. Each producer concerned received an inspection report. This investigation resulted in proceedings against 34 producers who were selling syrup in small containers without holding a quota.

Bulk market

The investigations focused on a network of dealers who transact maple syrup between a group of producers and processing and bottling enterprises in Quebec, Canada and the United States. These dealers are currently dragging out proceedings before the courts, but judging from the evolution of jurisprudence on this question, it won't change anything in the end.

Buyers under investigation	Region	Progress of file
Marcel Doyon René Leclerc	Beauce	<ul style="list-style-type: none">- April 21, 2004, the FPAQ tables a petition with the RMAAQ to investigate syrup traded outside the sales agency.- September 23, 2004, the RMAAQ begins hearings.- November 29, 2004, hearings continue.- December 3, hearings continue.- February 21, the RMAAQ hands down Decision 8223 condemning Marcel Doyon to pay \$108,000 and ordering him to cease trading maple syrup illegally.- March 8, 2005, the RMAAQ hands down Decision 8227 asking the Royal Bank of Canada, Gérald Pollock and Marcel Doyon to appear before the court to continue the investigation.- March 16, 2005, the FPAQ files an application with the Superior Court for ratification of Decision 8227.- March 21, 2005, Marcel Doyon tables an application for judicial review before the Superior Court to challenge the liquidated damages imposed by RMAAQ Decision 8223.- April 7, 2005, Gérald Pollock tables an application for judicial review of Decision 8227 and a notice of constitutional question before the Superior Court. On May 13, 2005, he abandoned the proceedings.- April 25, 2005, hearings continue before the RMAAQ to better understand the network of transactions taking place outside the sales agency.- August 31, the FPAQ's application is amended to include René Leclerc in the file.- June 14, 2005, the Superior Court rejects the FPAQ's request for ratification.- November 18, 2005, the Superior Court dismisses the application for judicial review of Decision 8223 brought by Marcel Doyon, with costs.- December 19, 2005, Marcel Doyon files a petition to appeal to the Appeals Tribunal against the decision of the Superior Court.- February 6, 2006, the Appeals Tribunal will hear Marcel Doyon's petition to appeal Hearings will continue soon before the RMAAQ.

Les produits d'érable Bois-Francs André Lamothe	Mauricie	Deceased in 2005. File closed. Wal-Mart Canada, who was buying the syrup, undertook to respect applicable regulations.
Les produits de l'érable Philva Inc. Patrick Moreau	Mauricie	<ul style="list-style-type: none"> - January 28, 2005, a petition is tabled before the RMAAQ. Death of André Lamothe, president of Les Produits de l'Érable Les Bois-Francs inc. - June 10, 2005, the RMAAQ holds hearings concerning the case of Produits de l'érable Philva inc. - July 13, 2005, a decision is rendered in the case of Produits de l'érable Les Bois-Francs noting the agreements and commitments made by Wal-Mart Canada and Délices de Marius inc. Wal-Mart Canada, who was buying the syrup, undertook to respect applicable regulations.
Clément Nadeau	Beauce	<ul style="list-style-type: none"> - December 3, 2004, the FPAQ applied to the RMAAQ for an order directing Clément Nadeau to cease trading maple syrup, and also to open an investigation on maple syrup transactions outside the sales agency. - February 17, 2005, the RMAAQ handed down Decision 8221 directing Clément Nadeau, his employees and representatives to trade syrup through the sales agency. - March 7, 2005, the Superior Court instructs Clément Nadeau to comply with RMAAQ Decision 8221. - March 1, 2005, Clément Nadeau tables a petition for judicial review before the Superior Court. The file is in progress. - June 22, 2005, the RMAAQ hearings continue. Clément Nadeau again asks for suspension of hearings to apply to the Superior Court for a judicial review. - September 29, 2005, the Superior Court dismisses this last petition for a judicial review. - October 27, 2005, Clément Nadeau asks for leave to appeal the judgment of the Superior Court before the Appeals Tribunal. - November 11, 2005, leave to appeal is refused. - December 19, 2005, the RMAAQ hearings resume. A representative of Clément Nadeau's bank tables documents showing numerous transactions involving syrup producers. The file is following the usual channels.
Exportation RJS Inc. Richard Vallières 9146-2655 Québec Inc.	Beauce	<ul style="list-style-type: none"> - December 3, 2004, the FPAQ applies to the RMAAQ for an order directing Exportations RJS Inc. to cease trading maple syrup, and also to open an investigation on maple syrup transactions outside the sales agency. - February 17, 2005, the RMAAQ hands down Decision 8222 directing the management and employees of Exportation RJS Inc. to trade syrup through the sales agency. - March 1, 2005, Exportations RJS Inc tables a petition for judicial review before the Superior Court. The file is in progress. - March 7, 2005, the Superior Court directs Exportations RJS Inc. to comply with RMAAQ Decision 8222. - July 7, 2005, the RMAAQ hearings continue. Maple syrup producers testify. - October 7, 2005, the RMAAQ hearings continue. A representative of a financial institution tables documents showing numerous transactions involving syrup producers and Exportations RJS Inc. - January 11, 2006, the RMAAQ hearings continue and transactions between Exportations RJS Inc and maple syrup producers are submitted into evidence. The file is following the usual channels.

René Roy	Estrie	<ul style="list-style-type: none"> - November 24, 2004, a main petition and a fast-track petition are tabled before the RMAAQ. - November 26, 2004, RMAAQ hearings begin. - December 2, 2004, the RMAAQ renders interim Decision 8167 directing the parties to cease trading maple syrup. - December 22, 2004, the RMAAQ's decision is ratified by the Superior Court - April 27, 2005, RMAAQ hearings continue. - August 25, 2005, RMAAQ hearings continue. <p>The file is following the usual channels.</p>
Sirop HRB Henri Bourgouin	New Brunswick	<ul style="list-style-type: none"> - July 16, 2004, the FPAQ asks the RMAAQ to open an investigation into transactions involving Sirop d'érable HRB. - March 23, 2005, hearings begin before the RMAAQ. The attorneys for Henri Bourgouin issue a notice of constitutional question in which they contest the RMAAQ's jurisdiction. - March 30-31, 2006, hearings continue before the RMAAQ.
Robert Jalbert	New Brunswick	<ul style="list-style-type: none"> - November 17, 2004, the FPAQ asks the RMAAQ to open an investigation into maple syrup traded outside the sales agency involving Robert Jalbert. - November 22, 2005, Robert Jalbert contests the RMAAQ's jurisdiction and presents a notice of constitutional question. - The RMAAQ hearings will resume March 22-23, 2006,
Érablière M. A. Lehoux Inc.		<ul style="list-style-type: none"> - August 25, 2005, the FPAQ issues a formal notice concerning the reception of maple syrup outside the sales agency involving maple syrup from the 2002 to 2005 harvests. Érablière M.A. Lehoux communicates information to the FPAQ on these transactions. <p>Awaiting an out-of-court settlement.</p>
Ferme Paul-Émile Bouvier Enr. Érablière Bouvier & Fils Senc. Érablière Bouvier & Fils Enr.	Montréal	<ul style="list-style-type: none"> - November 28, 2003, an out-of-court agreement is signed for the 2000, 2001, 2002 and 2003 harvests, including a list of producers supplying his network, contributions, interest and liquidated damages to be paid, as well as respect of applicable regulations. - January 10, 2006, a formal notice is sent to this firm to obtain the same details for the 2004 and 2005 harvests.
Bascom		<ul style="list-style-type: none"> - October 6, 2005, a petition for cancellation of authorized buyer accreditation is filed with the RMAAQ. - December 22, 2005, the RMAAQ holds hearings. - The decision has not yet been handed down.
Ferme Brien & Fils Richard Brien		<ul style="list-style-type: none"> - December 7, 2004, the FPAQ asks the RMAAQ to open an investigation. - April 18, 2005, the RMAAQ holds hearings. Richard Brien contests application of the regulations on the grounds that his production of processed products is not governed by the Joint Plan. - October 14, 2005, the RMAAQ rules in its Decision 8431 that the production of Ferme Brien & Fils is subject to Joint Plan regulations. - November 13, 2005, Ferme Brien & Fils files a petition for judicial review to the Superior Court. - The case will be heard March 1, 2006 before the Superior Court.
St-Ferdinand B. 2973-8739 Québec Inc. Bruno Boutin		<ul style="list-style-type: none"> - December 7, 2004, the FPAQ asks the RMAAQ to open an investigation. - February 17, 2005, the RMAAQ begins hearings. - November 21, 2005, the RMAAQ continues its hearings in order to determine whether the production of St-Ferdinand B is governed by the Joint Plan. <p>Waiting for decision.</p>

Other investigations are pending before the RMAAQ. Information on these cases will be given in one of our next Info-Sirop newsletters. Decisions are available on Website www.rmaaqqc.ca

The investigations also focused on maple syrup producers. Between August 1, 2004 and July 31, 2005, the FPAQ reached out-of-court settlements with 58 syrup producers who had to pay \$1,000,749 in unpaid contributions and liquidated damages for maple syrup sales that did not comply with regulations and marketing agreements in force. Since August 1, 2005, 99 producers have paid an amount of \$305,270 for the same reasons.

Lastly, the FPAQ and *La Financière agricole du Québec* have signed an agreement to share confidential information for use in applying the Canadian Agricultural Income Stabilization (CAIS) program. According to the terms of this agreement, the FPAQ undertakes to identify and convey the names of any agricultural operations that contravene the regulations and marketing agreements it applies. This measure is aimed at farms that refuse to regularize their situation with the FPAQ. *La Financière agricole du Québec* will consider that the agricultural operation in question is not eligible under the CAIS program for the participation year in which the default occurred, regardless of the production. This measure will have an important dissuasive effect on numerous offenders who produce more than one farm commodity.

Production 2006

Return of barrels to producers

Returning empty barrels to producers is more of a problem this year since the processing and bottling companies have bought large quantities of 2005 maple syrup for the month of February. Barrels of syrup delivered to FPAQ warehouses or returned to the FPAQ's warehouses during the year are therefore in transit to the buyers.

Elimination of lead contamination risk

The risk of lead contamination in maple syrup is very low since most Quebec maple producers have recent, food-grade production equipment. Nevertheless, it is important to ensure that potential sources of contamination, still present, be eliminated, since its detection in maple syrup products would affect our sales on domestic and export markets.

The FPAQ signed a Memorandum of Understanding with the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec* (MAPAQ) designed to eliminate the risk of lead contamination in bulk maple syrup, if any. Under this agreement, a certain number of barrels will be chosen at random during grading of the 2006 and 2007 harvests, to check for any lead levels above government standards. If a barrel of a given producer has an abnormal level of lead, all the barrels of that producer will be tested. The barrels held back will be submitted to a second test by the MAPAQ. All contaminated barrels will be destroyed by the MAPAQ.

It is to be recalled that lead contamination can come from evaporators with tin-lead solders, bronze gear pumps, paint in tanks, tinned steel evaporators, galvanized iron tanks, etc. To eliminate sources of contamination, the sugar bush equipment must be examined. Any defective equipment must be replaced by stainless steel, food quality equipment with lead-free solders.

A letter will be sent to producers whose barrel was selected for analysis. This analysis could delay payment of the advance on that barrel.

Promotion

Consultation of the Maple Syrup Industry

The FPAQ recently completed a consultation of the Canadian maple syrup industry on international generic promotion of maple products up to 2008. All the exporting maple syrup processing companies and the provincial maple syrup producers' associations were invited to give their opinion on the situation and the industry's expectations in terms of international generic promotion, as well as the courses of action conducive to the development of international markets. This consultation will serve to prepare the *Triennial strategy for promotion and development of the maple syrup industry's international markets for maple products, 2006-2008*, which will be tabled in February 2006 for funding by *Agriculture and Agri-Food Canada*. This consultation is funded in equally by *Agriculture and Agri-food Canada* and the FPAQ. The strategy resulting from this consultation will allow mobilization of the entire maple syrup industry around generic promotion projects with a view to increasing medium-term sales. This primarily involves targeting the priority markets, defining the promotion strategies for developing these markets and obtaining \$1.5 million in funding over three years to implement the strategy. Twenty-five businesses representing nearly 90% of maple product exports participated in the consultation process.

Promotion in Quebec

Report on the Christmas Campaign

The Christmas promotion campaign went very well. Ads were published in several Quebec women's, culinary and news magazines to promote a prominent role for maple syrup in holiday celebrations. Also, 1.2 million Quebec households received the recipe booklet suggesting original dishes for the Holiday period.

The second edition of the Christmas drawing contest was a success again, with the participation of 439 Quebec elementary schools. This contest offers an excellent platform to stimulate children's interest in this product. A winning drawing will be chosen in each of the following categories: kindergarten to Grade 3, and Grades 4 to 6. The winners will be announced officially at the *Official Opening of Maple Syrup Season* at Complexe Desjardins in Montreal. One of this year's two winning drawings will be used to produce new packaging for the *Christmas 2006 maple syrup can*.

Between October and December 2005, Quebec consumers were able to obtain a copy of the limited edition of the *Christmas 2005 maple syrup can*. The FPAQ used the drawing of one of the two finalists from last year's contest to produce special packaging for the 2005 holiday period, in collaboration with IGA and Capilano Labonté. The project was a great success. Several magazines and television programs promote the Christmas can. Véronique Cloutier even invited Xavier Lauzon, the child who produced the drawing, to her show last December to talk about the project. It should be recalled that for each container sold, one dollar will be donated to the Sainte-Justine Hospital Foundation. The Christmas can sales results will be known shortly.

Spring Campaign Overview

The Official Opening of Maple Syrup Season will be held for the third year at Complexe Desjardins in Montreal, between March 1 and 3, 2006. The FPAQ will take the opportunity to inform the media and the public about the principal nutritional qualities and the great diversity of maple-based products. Last year, over 15,000 people participated in this event.

Promotion in Japan

Once again this year, the FPAQ will focus on the Japanese market, the second biggest importer of maple products after the United States. Following the success of the generic promotion activities conducted in 2005, the FPAQ is organizing activities aimed both at consumers and importers of maple products in the Tokyo region this March 13 to March 31.

- Tokyo will host its first Maple Festival. The event will be held at the Ana Hotel, a prestigious establishment in Japan's capital. For the occasion, a major public event will be held in Karajan Place, adjacent to the Ana Hotel in the heart of Tokyo. Most of the restaurants at these locations will serve maple dishes, so Japanese consumers will be able to discover maple products and their multiple uses in cooking.
- In collaboration with *Agriculture and Agri-Food Canada* and the Canadian Embassy in Japan, the FPAQ will hold a second seminar on maple products nutrition at the FOODEX 2006 trade fair, which welcomes importers and exporters of food products from around the world. In addition to introducing and promoting the unique nutritional properties of maple products, this event will allow the importers present to listen to a lecture presented by a renowned Japanese dietitian.
- Like last year, but under a new theme, a press conference and a reception for journalists will be held during FOODEX Week. This is a unique opportunity to promote the nutritional and gastronomical properties of maple products.
- The second edition of the information booklet for Japanese importers will be updated and available in March 2006. This new version will contain new nutritional data.
- A new recipe booklet will be launched in connection with the generic promotion activities schedule for this March 13 to 31. Focusing on nutrition, its content will be adapted to Japanese cuisine thanks to the collaboration of Ms. Aramaki, a well-known dietitian.
- A visit by Japanese journalists to Quebec will be organized again this year. The dates still have to be confirmed.

Canadian export data show a significant increase in volumes consumed in Japan. According to Statistics Canada, Japan's imports grew from 4.1 to 5.8 million pounds between November 2004 and November 2005. The promotional efforts of the FPAQ and the companies present in this market have borne fruit, giving good reason to pursue activities in Japan.