



MEMO

TO: DFC Board Members

DATE: November 28, 2020

SUBJECT: Announcement on Compensation

Today, on behalf of the federal government, Agriculture and Agri-Food Minister, Marie-Claude Bibeau, made an announcement regarding promised compensation to dairy farmers for concessions made to the domestic dairy production as part of the Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Below are the top-line details of the announcement. Please circulate this email with attachments to your Board and staff.

The announcement includes:

- An accelerated three-year direct payment schedule for the full balance of \$1.4B for CETA and CPTPP compensation, with a direct payment of \$468M to be paid out dairy producers by the Canadian Dairy Commission (CDC) by March 31, 2021. A similar payment mechanism as the first year payment will be in place.
- Years 2 and 3, starting with fiscal 2021/22 and then 2022/23, will provide funding of \$469M and \$468M respectively to dairy farmers.

The announcement also includes compensation for SM4.

As you know, DFC and the government had three items as part of our workplan for 2020: 1) securing the payment for Year 2 compensation for CETA and CPTPP; 2) a schedule of payments for the remaining years of CETA and CPTPP compensation, and; 3) an announcement of the plan for compensation for concessions made in the Canada-United States-Mexico Agreement (CUSMA).

Our message to government, as described in the attached press release, is that the announcement today provides greater certainty that dairy farmers need in order to invest and best compete in a domestic market environment with increased imports – particularly from the United States. We also emphasize that we are eager to get to work on the last item for a compensation plan for

CUSMA. We are waiting for confirmation of a meeting to get the ball rolling, possibly before the holidays.

In the coming days, we will provide further information and analysis on the fine details of this announcement as well as the broader Fiscal Update that is scheduled for November 30th.



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