

Farmers Fight False Information about Supply Management

Ottawa, July 28 - For months, Canadian farmers have endured a concerted attack on the system that brings Canadians the dairy, poultry and egg products they trust. As the pressure to conclude the TPP negotiations in Hawaii this week mounts, so does rhetoric and the proliferation of misperceptions surrounding supply management through certain attacks in the media, and by some think tanks and those with vested interests.

In this light, farmers would like an opportunity to address these myths.

Supply Management Does Not Raise Prices for Consumers

We do not set retail prices. Retailers and restaurants charge what they feel the market will bear. They set the price for food – and for everything else – for many reasons that have nothing to do with how much the farmer receives, including retailer competition, brand positioning, cost of competing items and specials to get consumers in the store.

Despite that:

- Chicken is currently the least expensive meat protein. Over the last two years, the price of chicken has risen by only 3%, compared to over 20% for other meats, freely traded at that.
- A Nielsen study showed that in 2014, consumers paid an average of \$1.30/litre for fresh milk in Canada, as compared with \$1.83 in New Zealand, \$1.81 in France, \$1.15 in the U.S, \$1.19 in Germany, and \$2.35 in China.
- The average annual retail price for whole frozen turkeys in Canada over the last 15 years was \$2.92 per kg, vs. \$3.34 per kg in the United States; sometimes a little higher – more often lower, but not ever wildly out of range with the U.S.
- You can buy a dozen eggs, the most complete protein source available for less than the price of a latte.

The biggest determinant of how much we pay for dairy, poultry and egg products isn't supply management – it's where and when we shop.

Supply Management Is Not Blocking the TPP

The Government of Canada has successfully negotiated twelve trade agreements with 43 countries since 1994 and all of these have opened up new markets, improved trade rules, and preserved supply management. This is a successful negotiating formula and we are confident that the government will be able to do it again at the TPP. It works because Canada is already the 6th largest importer of agri-food products and 1st on a per capita basis; we don't need to take any lessons on market access from other countries.

Every single country involved in the TPP has something that they want to keep. The United States, for example, has a long history of restrictive import protection in the sugar and dairy industries; Japan has a long history of protecting the rice sector; and New Zealand has always vigorously defended its pharmaceutical program.

Supply Management is not subsidized

Canada's dairy, poultry and egg industries receive no government subsidies, unlike other agricultural sectors. In countries without supply management (and even here in Canada), other sectors are heavily subsidized.

Consumers pay twice for most food, once through their taxes (whether they buy it or not), and again at the grocery counter. With dairy, poultry and egg products, you only pay for it if you buy it.

Canada isn't a Closed Market

Canada is an important market for countries the world over – even for supply managed products. Canada imports more chicken, for example, than six of the TPP countries (including the U.S.) combined. What's ironic is that New Zealand and Australia, the media darlings of international trade, whom we are encouraged to emulate, import no chicken.

Supply Management Makes a Difference to Canada's Economy

- 16,667 farmers
- 332,006 total jobs
- \$11.3 billion in farm cash receipts
- \$27.5 billion to Canada's GDP
- \$6.4 billion in taxes

Dismantling Supply Management Will Not Lower Consumer Prices

In countries where supply management has been dismantled, such as Australia and New Zealand, prices have actually gone up for consumers, while revenue for farmers has gone down or stayed the same.

- The average domestic price for two litres of milk in New Zealand jumped 11.3% from May 2013 to May 2015, despite being a major milk exporter, and having one of the lowest costs of production in the world.
- Nielsen's global price comparison (52 weeks ending December 2014) shows milk is about \$1.30 a litre for Canadian fresh milk, which compares well with the 1.83 in New Zealand, and 1.81 in France, 1.15 in the United States, 1.19 in Germany, while China's prices are more expensive at \$2.35 a litre.
- Even in Canberra, Australia's capital, 30 eggs cost \$6.69 CAD while, at the same time, they cost \$5.99 in Ottawa.
- Presuming and promising lower prices prematurely assumes that retailers will pass on lower prices to consumers.

Supply Management Helps Food Safety Systems Work

Canadian farmers are known worldwide for their stringent food safety systems. Not all farmers outside of Canada adhere to the same standards.

Dairy, poultry and egg farmers are obligated to follow strict on-farm programs that ensure that the highest on-farm standards are followed, from food safety to biosecurity—and supply management allows them to be enforced.

Supply Management is Risk Management

Supply managed farmers are able to avoid bust periods that can happen for reasons like animal disease (both domestic and international), which often force other farm sectors to use government support programs and subsidies in order to ride out the storm.

In a recent interview, Ontario Agriculture Minister, Jeff Leal, credited supply management for saving rural Ontario from “total collapse” during an outbreak of BSE – because stable revenues from one sector allowed all the other businesses that serve farmers to ride out the downturn.

There are more than 1,000 egg farms in Canada in all parts of the country with an average flock size of about 23,000 compared to about 200 farms in the U.S. concentrated mainly in a few states with an average flock size of 1.5 million. Thanks to supply management, which has assured the stability of the family farm, when a crisis like high path Avian Influenza hits in Canada, farmers can contain, mitigate and buffer Canadian consumers and protect our animals, without the uncertainty of relying on imports.

Get the Facts

Farmers are growing increasingly concerned about having their industries misrepresented in certain media. It’s time that people had the facts – or at the very least, the other side of the story.

For more information on how supply management works for Canada and Canadians, please refer to the following sites:

Dairy - www.canadianmilkatters.ca

Eggs - <http://www.eggfarmers.ca/our-industry/supply-management/keep-the-eh-in-eggs/>

Chicken – www.chickenfarmers.ca

Turkey - <https://www.turkeyfarmersofcanada.ca/about-us/supply-management/>

For more information, please contact:

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