

Canada's support for supply management is based on common sense

We are accustomed to hearing pro-deregulation agricultural economic analyses from Sylvain Charlebois, Professor of Food Distribution at the University of Guelph. However, his most recent political analysis contains startling information. In a letter published on November 22 in *La Presse*, Mr. Charlebois suggests that Prime Minister Harper is deliberately looking for an international challenge in the dairy and poultry sectors to justify an eventual decision to reform or dismantle supply management.

As Mr. Charlebois himself says, Mr. Harper has already shown his preparedness to make controversial decisions on agricultural policies. If this were indeed his strategy, he could have already taken action. However, in the last election campaign, he had no hesitation in publicly renewing his government's commitment to preserve supply management.

Under Mr. Harper's government, like its predecessors, Canada has signed 14 trade agreements. Throughout this time, it has preserved an agricultural model that, in the dairy sector alone, generates \$15.1 billion in economic benefits and \$3 billion in tax revenues, provides 215,000 jobs to Canadians and ensures the supply of a wide range of innovative and high-quality local products.

Canada has no reason to be ashamed of its agricultural system on the international scene. Milk producers receive a fair price entirely from the market, and without any government subsidies. Canada should actually be proud of the fact that milk producers earn an honourable living from their farms, where they work seven days a week in climatic conditions that are nothing like in Australia and New Zealand. And unlike their counterparts in Europe and the United States, our farmers do not produce at a loss or need subsidies to survive.

Contrary to what Mr. Charlebois claims, the supply-management system has not prevented Canada from developing its agriculture and new export markets. In fact, Canada is among the world's top 10 trading nations. Since 1986, the value of its agricultural exports has more than tripled, reaching some \$37 billion in 2010. However, Mr. Charlebois should know that while this growth has benefited the agrifood industry, it has not benefited exporting farmers nearly as much. Indeed, during the same period, the net income for all Canadian farmers, which was \$3.6 billion in 1986, amounted to just \$2.7 billion in constant dollars in 2010. Had it not been for the government subsidies, producers who rely on exports would have been in the red for most of that period.

Mr. Charlebois also affirms that it is politically delicate to reconsider the supply-management system because "Canadian consumers (...) buy milk, eggs and poultry every day." It may also be that consumers are aware that nothing guarantees that the deregulation of the dairy and poultry sectors would benefit them. On the contrary, they would likely have to spend billions of additional dollars in farm subsidies. The experience in Australia and New Zealand, two countries that have deregulated their dairy sectors, shows that while deregulation has driven down farmgate prices, consumer prices continue to rise to the benefit of intermediaries.

Canada's support for supply management is therefore based on common sense.

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