

Marcel Groleau's reply to *The Gazette's* editorial published on November 17, 2011

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

It is surprising to see a major Canadian newspaper like *The Gazette* argue that Canada should start making concessions instead of focusing on potential gains in the Trans-Pacific Partnership free-trade talks. But that is the message of its November 17 editorial entitled *It's time to end supply management*, which asks the government to dismantle the supply management system before the talks have even begun.

Since 1986, Canada has signed 14 trade agreements, including NAFTA, and still managed to preserve an agricultural model that generates \$15.1 billion in economic benefits and \$3 billion in tax benefits, provides 215,000 jobs to Canadians, and guarantees the supply of a wide range of innovative, high-quality products. Milk producers receive a fair price entirely from the market and without government subsidies. There is nothing shameful about the fact that they earn an honourable living from their farms, where they work 7 days a week in climate conditions that are nothing like the ones in Australia and New Zealand, instead of producing at a loss and surviving on subsidies like European and American producers. Canada should actually be praised for that.

If the supply management system has been the ball and chain keeping Canada from extending its export reach in the last 40 years, how is it that Canada is still among the world's top 10 trading nations, as *The Gazette* pointed out in its editorial? Since 1986, the value of Canada's agricultural exports has more than tripled, reaching some \$37 billion in 2010. Clearly, the supply management system has not prevented the farmers who depend on exports from developing new markets, as opposed to *The Gazette's* claim. However, there is one thing that should concern the editorial writer. During the same period, the net income for Canadian farmers, which was \$3.6 billion in 1986, amounted to \$2.7 billion in constant dollars in 2010. Had it not been for the government subsidies, the farmers concerned would have been in the red for most of that period.

As for citizens, nothing guarantees that the deregulation of the dairy and poultry sector will benefit them. On the contrary, not only would they have to spend billions of additional dollars on farming subsidies, but the experiences of Australia and New Zealand, the two countries mentioned in the editorial that have deregulated their dairy sectors, point to the opposite conclusion. While their farm-gate prices did actually fall after deregulation, the consumer price indexes in these countries increased more rapidly than in Canada.

In other words, Canada's support for supply management is based on common sense.

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