

Supply Management and the WTO – What You Need to Know

Supply Management Makes Sense

Ontario's Chicken Farmers:

- ☑ Generate \$491.5 million in economic activity annually;
- ☑ Employ 5,000 Ontarians directly, and thousands more indirectly
- ☑ Operate under a system of supply management which affords them a fair income and consumers a stable supply of a nutritious, reasonably priced product.

Supply Management:

- ☑ Matches production to Canadian demand;
- ☑ Allows farmers to receive a fair price from the marketplace, without relying on expensive taxpayer funded subsidies;
- ☑ Eliminates major fluctuations in prices at the farm, processing or distribution level;
- ☑ Ensures an efficient and secure food supply that respects Ontario's high standards for safety and quality.

Are Farmers Subsidized by the Government?

NO. In fact, Canada's system of supply management allows its supply managed sectors to contribute to the economy without the need for expensive, tax-payer funded subsidies. All of the revenue from Canada's supply managed sectors comes from the market place, not the government. Other countries, including the United States and European Union continue to heavily subsidize their farmers.

Does Supply Management Inflate Food Prices?

NO. Supply management provides consumers with a stable supply of a safe, nutritious product at reasonable prices. In other countries where deregulation has taken place, consumer prices have continued to rise substantially, while incomes have dropped considerably.

How Does Supply Management Work?

Supply management provides a stable, safe and efficient food supply, benefiting processors, consumers, governments and taxpayers. Ontario's 1,050 chicken farmers and supply managed farmers across the province depend on this system to sustain their livelihood.

The Three Pillars of Supply Management: Import Controls, Stable Production and Producer Pricing

Import Controls: Ensure that Canadian production meets Canadian demand by knowing how much food Canada imports, in accordance with WTO rules. This is achieved through tariffs that prevent imports above set levels.

Production Planning: Ensures a stable, steady supply of high quality food that adapts to changes in demand. The ability to predict shifts allows prices to remain stable.

Producer Pricing: Ensures no sudden shifts in the price consumers pay at the store by allowing farmers to negotiate a fair price for the food they grow and is based on what it costs to produce that food.

At the WTO, Supply Management Needs the Continued Support of the Canadian Government

Our Domestic Market Is Important

Seventy-one percent of the revenue from Canadian agriculture and agri-food production originates in the domestic market. Both domestic and international markets are important for Canadian agriculture and food. Canada must not agree to uncertain gains in exchange for guaranteed losses. We must not risk a deal that will result in negative economic outcomes for Canadian agriculture.

To the Point:

A deal that does not benefit all Canadian farmers is no deal at all.

No Cuts to Over Quota Tariffs

Cuts in over-quota tariffs remove our ability to predict the level of imports coming into Canada, rendering us unable to match supply with demand and thereby ensure that there is enough Ontario-grown product to meet Ontarians' needs. This would have disastrous implications for the food prices that Ontarians pay and that we receive for our work.

To the Point:

Canada must continue to stand firm in its opposition to any cuts to over quota tariffs.

No Expansion of Import Quotas

Canada is already more open to agricultural imports than both the United States and the European Union. Any expansion of import quotas will have a profound impact on both domestic prices and the livelihood of Canada's supply managed farmers.

To the Point:

Canada must continue to stand firm in its opposition to any tariff quota expansion.

Sensitive Products = Supply Management

Canada's dairy, poultry and egg industries have worked for several years to get all countries to apply tariff rate quotas in a consistent and equal way, to no avail. As a result, we are left only with the option of putting our products into the sensitive products category.

To the Point:

The survival of Canadian supply management depends on placing dairy, poultry and eggs into the Canadian sensitive products category.

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