



## SUPPLY MANAGEMENT

### Making Dairy, Poultry, and Eggs More Affordable

#### Issue

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Supply management is a government-imposed cartel that keeps the prices of dairy, poultry, and eggs artificially high through the control of production, the banning of imports, price fixing, and the prevention of competition in the market.

The system forces producers to buy quotas which grant permission to produce a set amount. For example, it costs between \$20,000 and \$40,000 to get the right to milk one cow. It keeps out imports by imposing exorbitant tariffs that range from 150% for eggs to 300% for butter. Because our market is closed to most imports, our farmers are not allowed to export their products.

Supply management negatively impacts other sectors of our economy. Businesses in the food processing and food preparation sectors like restaurants are forced to pay more for basic products and are therefore less competitive.

Although they account for only about 10% of all Canadian farms, farmers under supply management constitute one of the most influential lobbies in Ottawa. When Canada negotiates free trade agreements with other countries, protecting the system always ends up as the focus of talks. Canada could have obtained a better deal during negotiations with the U.S. and Mexico to renew NAFTA if we had put supply management on the table, as demanded by the U.S. government.

In order to satisfy one small but powerful lobby, we restrict the development of other businesses and prevent the creation of thousands of jobs in these other sectors.

#### Facts

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According to the OECD, Canadian consumers had to pay \$3.6 billion more every year between 2011 and 2015 for all products under supply management.

A 2015 study done by University of Manitoba economists showed that the system imposes a financial burden of \$339 annually on the poorest 20% of Canadian households, which is the equivalent of a 2.3% tax on their incomes.

The "market" value of quotas was estimated at \$35 billion in 2016. But that's not what it would cost the government to buy them back if it decided to abolish the system. The accounting value of quotas after depreciation would form the basis for compensation. Farmers who bought them recently would be reimbursed close to the market value, while those who bought them at lower prices years ago would get less, and those who got them for free would get nothing. The Conference Board of Canada estimated such a buy-out would cost between \$3.6 billion and \$4.7 billion in total.

# Our Plan

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The supply management system is inefficient and fundamentally unfair to consumers, farmers, and other sectors of our economy.



## A People's Party government will:

- Create a free, open, and fair system that will save Canadians billions of dollars annually thanks to the lower prices they will pay for these products.
- Allow Canada's dairy, egg and poultry farmers to thrive and sell their products internationally.
- Phase out the supply management system over a number of years to allow farmers to adapt, and compensate them for the lost value of their quotas.

*(Updated January 2023)*