

Issue

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.