



MYTHBUSTING 101: Supply Management and Free Trade Agreements

February 24, 2017 Aline Porrior

With the recent conclusion of Trans-Pacific Partnership (TPP) and Comprehensive Economic and Trade Agreement (CETA) talks, many eyes have shifted towards supply management. Certain commentators have said that supply management has diminished Canada's credibility internationally and has negatively impacted our ability to negotiate trade agreements with other countries. However, our mythbusting team is here to tell you that this is a myth worth busting. Let's get to it.

First of all, Canada has successfully negotiated many free trade agreements that have secured greater market access for other sectors while maintaining supply management. This includes the North American Free Trade Agreement (NAFTA), the Canada-European Free Trade Association with Switzerland, Norway, Iceland and Liechtenstein (EFTA), the Comprehensive Economic and Trade Agreement with 28 EU member states (CETA), and the 12-nation TPP, as well as bilateral agreements with Korea, Honduras, Panama, Jordan, Colombia, Peru, Costa Rica, Chile, Israel, and the Ukraine. Since 1989, Canada has negotiated a total of **14 trade agreements** with **51 countries**, while maintaining the supply management system.

In fact, Canada is regarded as a reliable trading partner that has a lot to offer other countries. Farm Credit Canada (FCC) has even stated that "Canada is the world's top agriculture trader when compared to all other countries on a per capita basis" *. Not only do we have a lot to gain from international trade deals, but we also have a lot to offer. Our country is politically stable,

economically fit, and rich in natural resources. Canada is a strong negotiator and has proven in the past that it is able to exclude the supply managed sectors while successfully concluding free trade negotiations.

All countries want to protect the sectors they consider sensitive when negotiating international trade agreements. For example, New Zealand has set impossibly strict biosecurity laws that impose cooking requirements on imported poultry meat which make it practically inedible. All poultry imports to New Zealand are required to be cooked to a minimum internal temperature of 70°C for at least 50 minutes, 80°C for 9 minutes, or 100°C for at least one minute. Consequently, “free trading” New Zealand ranks among the lowest international chicken importers, whereas “protectionist” Canada is the 13th largest importer of chicken in the world. Under Canada’s trade agreements, market access representing 7.5% of our production is provided to other countries to ship their chicken into Canada either duty free or at very low tariffs.

By maintaining supply management, Canada protects its unsubsidized dairy, poultry and egg sectors against trade partner countries that strongly subsidize their agricultural sectors. Not only that, but it supports a sector that provides over 348,000 Canadian jobs and contributes \$29.6 billion to Canada’s GDP. The bottom line is that Canada’s solid domestic market-focused supply management policies provide stability and economic activity at home.

LET’S REVIEW THE FACTS:

- **Canada has negotiated a total of 14 trade agreements with 51 countries, all while maintaining supply management;**
- **Canada is regarded as a reliable trading partner that has a lot to offer other countries;**
- **Canada is not alone – all countries want to protect the sectors they consider most sensitive when negotiating international trade agreements; and,**
- **Canada’s solid domestic market-focused policy provides stability at home.**

Supply management does not diminish or destroy Canada’s ability or credibility when it comes to trade agreements.

Want us to bust some other supply management myths? Send us your questions via twitter using the hashtag #IHeartChickenFarmers – stay tuned to see if your myth gets busted!

** Source: FCC annual report on global trade, 2013-2014*