



## **MYTHBUSTING 101: Supply management's effect on other farm sectors**

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*Our mythbusting team has returned to tackle yet another of the recent myths about supply management. Some people are claiming that supply management is unfair to the majority of Canadian farmers and benefits only a minority, about 10 per cent. This claim is false and has no basis in reality.*

First and foremost, let's consider that this claim is usually made by pundits, not farmers themselves. Farmers are a fiercely independent lot and know that they alone are responsible for their own successes or failures. Farmers are entrepreneurs and make their own operating and business decisions. Like all businesses, some do well; others don't, and inefficient ones must make improvements or eventually go out of business.

National supply management for chicken, egg, turkey and dairy farmers grew from their own desire to better manage supplies at a national level. Vast amounts of surplus milk and eggs, and later poultry, were being produced and couldn't be sold at break-even prices. Storage was filled to capacity and nourishing food was being wasted. If the farmers managed to find buyers for the surplus, they took huge losses that made it impossible to stay in business. Together and democratically, they decided to adopt production disciplines so they could concentrate on filling the demand of the domestic market without producing excess that would have to be either sold at

rock-bottom prices or thrown away. Farmers in other sectors didn't want production limits and wanted the opportunity to grow their businesses through export markets. Both were and remain legitimate and reasonable choices.

So, what impact does supply management have on other agriculture sectors? None. That's right: Zero. Supply management is specific to the sectors operating within it.

While farmers in supply management have done very well, this in no way has impinged on other agriculture sectors' operations in Canadian and international markets. In fact, as pointed out in Farm Credit Canada's 2013-14 annual report on global trade, Canada is the world's top agriculture trader when compared to all other countries on a per capita basis. Supply management has never stopped Canada from negotiating a trade agreement with another country. Politically stable and economically fit, Canada has proven its ability to open up markets for export sectors and to uphold supply management for the Canadian chicken, egg, turkey and dairy sectors. Indeed, since 1989, Canada has negotiated a total of 14 trade agreements with 51 countries.

Within supply management, we are developing programs to help those new to our business. Starting any new business can be expensive, and agriculture is very capital intensive. Crops-based farms need a lot of land as well as seeding and harvesting equipment. In the case of chicken, land requirements are not as extensive as farms specializing in feed crops, but production quota needs to be purchased at the beginning. Many provincial boards have developed new entrant programs to help beginners start in chicken farming and then scale up. Chicken farms are family-owned and operated, and programs to assist new farmers will help keep it that way.

Supply management is a uniquely Canadian response to volatile markets. Consumer demand is rarely static. It changes as a result of demographic shifts, immigration from countries with different food preferences, and new science related to human health and nutrition. Happily, chicken consumption has been trending upward for several years in a row, and farmers have responded by increasing production. Should demand decline – perish the thought – we will be able to respond to that, too.

## **LET'S REVIEW THE FACTS**

- **Farms are independent businesses. Farmers take responsibility for the success or failure of their own operations.**
- **Supply management was developed democratically by chicken, egg, turkey and dairy farmers and involves only those sectors.**
- **Canada has opened up international markets for its non-supply-managed food sectors by negotiating a total of 14 trade agreements with 51 countries.**
- **New entrant programs help beginning farmers start producing chicken and then scale up.**

*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!*