

# CANADA'S INNOVATIVE SYSTEM OF SUPPLY MANAGEMENT



## What is supply management?

Supply management is a uniquely Canadian system that matches Canadian dairy, poultry, and egg production with the domestic demand for these products in the Canadian market. It means that Canadians always have fresh, local, and high-quality dairy, poultry, and egg products available at their table, while ensuring farmers can provide for their families and invest with confidence in their business and local communities.

## How does it work?

To work efficiently and effectively, supply management is built on three important pillars: production management, import control, and producer pricing. Each pillar is equally important in ensuring the system operates smoothly, bringing benefits to Canadians and farmers alike.



### Production management

- To match the supply of dairy, poultry, and egg production with demand in the Canadian marketplace, a quota system is used. This ensures there are no surpluses or shortages by accounting for a variety of factors such as per capita consumption, trends in the market, and changes in our Canadian population.
- This approach avoids under and overproduction, and builds important stability in the supply chain of staple food items. This is a key factor in ensuring domestic food security for our communities and the food sovereignty of our country.



### Import control

- Canada uses Tariff Rate Quotas (TRQs) to keep imports predictable, and these quotas are based on negotiated trade agreements with other countries.
- This pillar ensures our system considers current trade agreements and import volumes of foreign dairy, poultry, and egg products. The predictability of imports plays a crucial role in determining how much dairy, poultry and egg products must be produced domestically to satisfy Canadian needs.



### Producer price

- To ensure farmers receive a fair price for their product that covers their cost of production, producer prices are based on the expenses necessary for its production, such as input costs (e.g. animal feed, fuel, equipment and labour).
- By ensuring farmers are paid fairly and predictably for their work, supply management supports the long-term sustainability of their farming operations and rural economies.



## Who benefits from supply management?

### Canadian consumers

get a consistent supply of dairy, poultry, and egg products from local farmers that are among the best in the world for food quality and safety due to mandatory food safety and animal care programs.

### Canadian communities

stay vibrant and strong, because supply management strengthens our economy, supporting local jobs and opportunities from coast to coast.

### Canadian farmers

benefit from stable markets and income, allowing them to reinvest in their farms which drives economic activity and supports the transition towards a green economy.

### Canadian dairy, poultry and egg processors

get a predictable supply of high-quality products produced to some of the most stringent standards in the world.

## Why is it important to support and protect supply management?

### Supply management supports sustainability:

- Supply management aligns with the United Nations' approach to nurturing a sustainable food system that generates food security and nutrition for future generations, and also accounts for environmental, social, and economic considerations.<sup>1</sup>
- Thanks to the stability of supply management, the next generation of agriculture leaders are finding rewarding careers in dairy, poultry, and egg farming—and rising to the challenge of feeding our growing population.

### Supply management drives innovative solutions:

- Dairy, poultry, and egg farmers are continuing to evolve through innovation and science. Supply management provides them with the financial stability they need to confidently reinvest in their farms through new technologies and the adoption of innovative practices.

### Supply management drives economic activity and builds communities:

- Canada's dairy, poultry, and egg farmers support other small businesses by bolstering economies across Canada. These farms help maintain local rural infrastructure, benefiting the entire food system, including export-oriented commodities.

### The sector:

- Supports 431,000 jobs
- Contributes \$45.1 billion to Canada's GDP
- Delivers \$14.86 billion in tax revenue each

### Supply management promotes Canada's food sovereignty:

- Rather than looking outward for our food, a strong Canadian dairy, poultry, and egg sector means we are less dependent on foreign countries to meet Canada's food needs, especially when considering the risk of unpredictable global supply chain disruptions.

<sup>1</sup>Food and Agriculture Organization of the United Nations, Sustainable food systems framework, 2018.

