

The Defense of Supply Management

A brief by the National Farmers Union

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Ottawa, Ontario

Introduction

On behalf of our thousands of family farm members, the National Farmers Union (NFU) welcomes this opportunity to put forward our views regarding international trade.

The NFU is a democratic, voluntary-membership organization made up of farm families from across Canada. **National Farmers Union members were instrumental in the development of our orderly marketing systems, including supply management in Canada, and we have a strong interest in the continuation of these vital marketing tools.**

The NFU advocates farm policies which enhance farmers' economic power in the marketplace, promote environmental sustainability, and strengthen rural communities. Our organization is also a member of La Via Campesina, an international network of organizations representing millions of family farmers and fisher-folk around the world.

The NFU strongly contends that trade should be used to enhance economies, not to replace economies.

The Defense of Supply Management—summary

- 1. Understand why supply management was developed;**
- 2. Examine legislated marketing tools in general;**
- 3. Avoid isolation;**
- 4. Focus on food Sovereignty; and**
- 5. Say “No” to outside interference in domestic Canadian policy decisions.**

Canadian Agri-Food Exports and Net Income, Per Farm, Adjusted for Inflation: 1947-2008

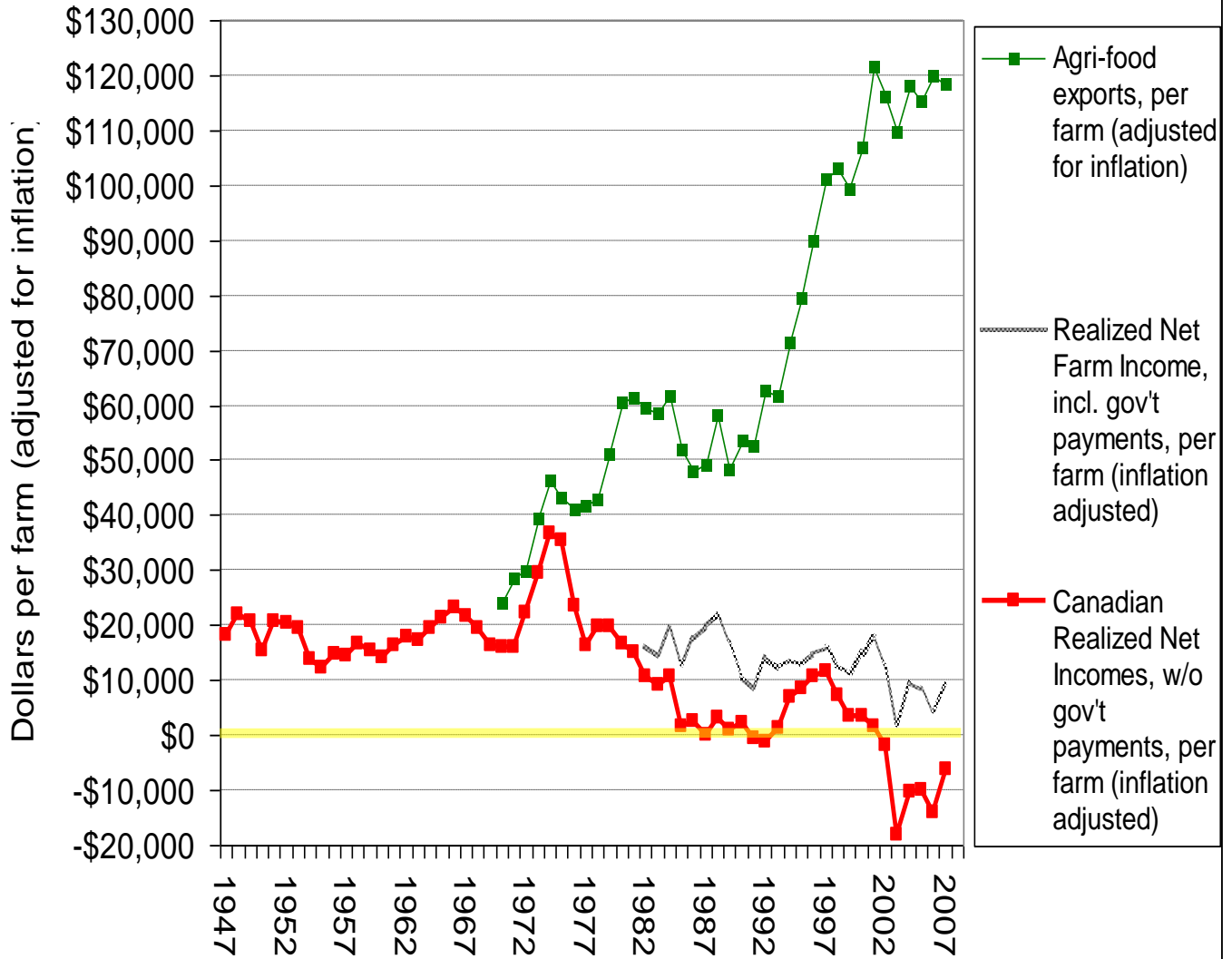
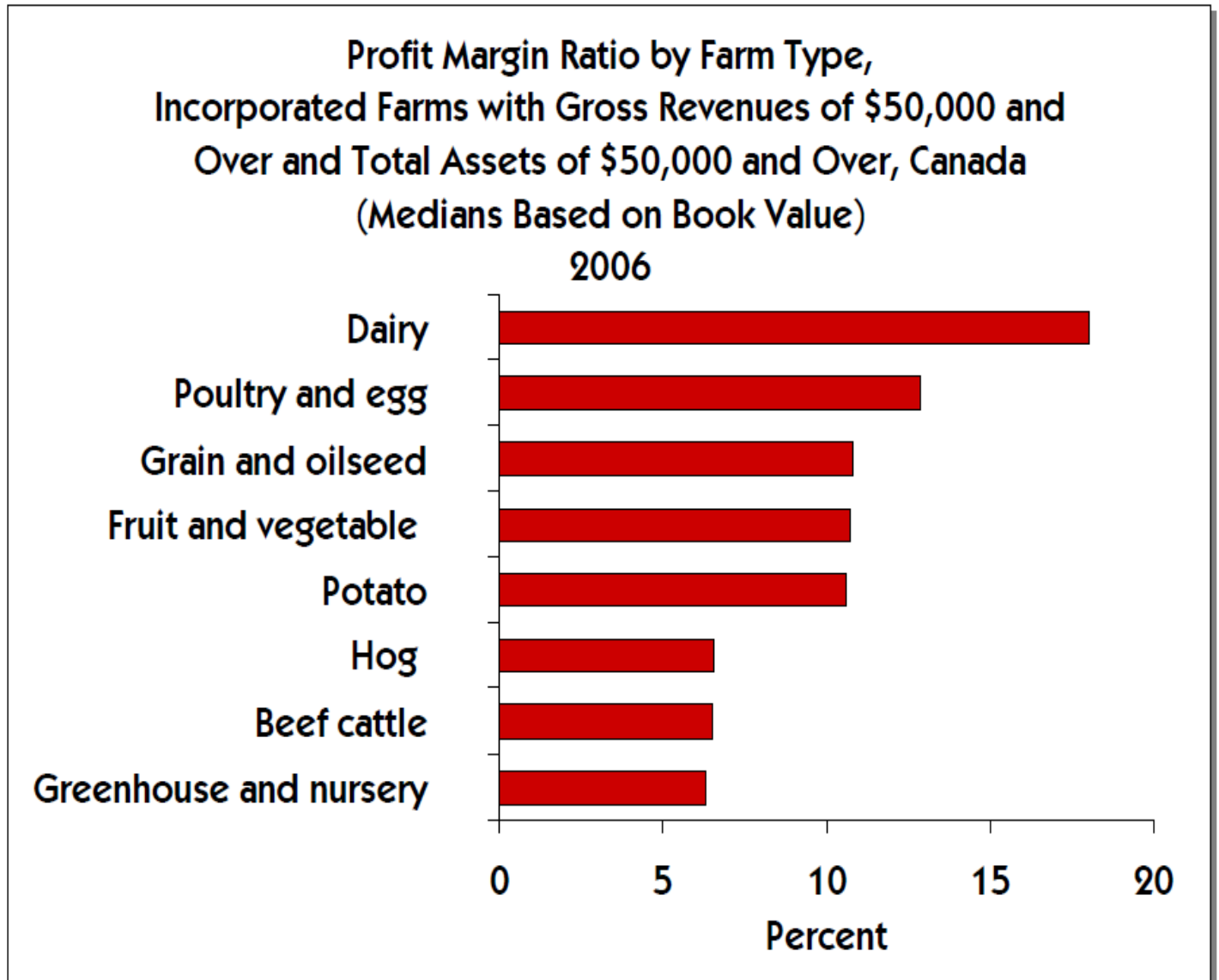
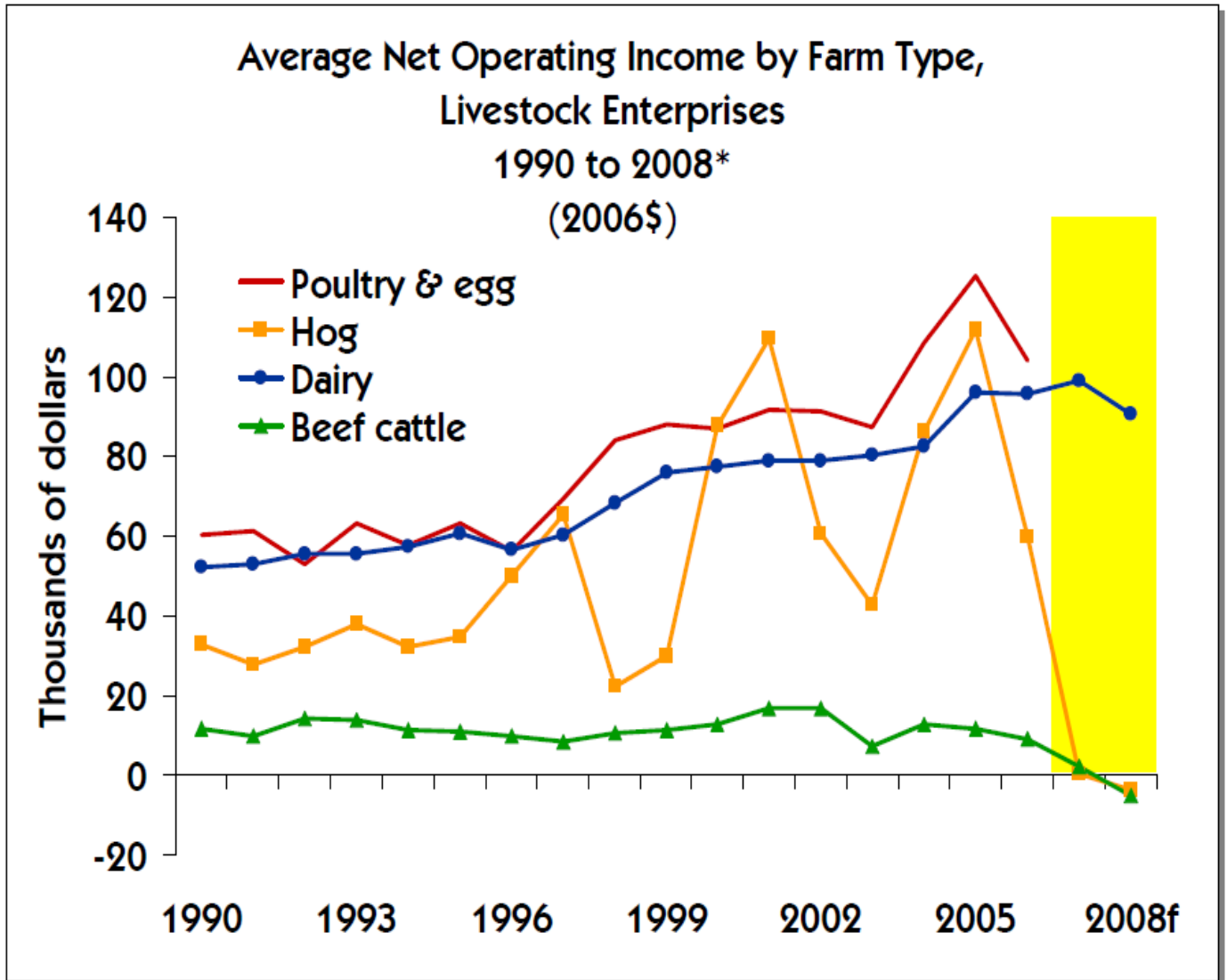


Chart E11



Source: Statistics Canada, Corporate Taxfiler Database.

Chart C8



Source: Statistics Canada, Taxfiler Data Series.

Note: * 1990 to 2006 are in constant 2006\$, and 2007, 2008 are based on AAFC forecasted estimates.

2. Legislated Marketing Tools

Hog marketing boards, tobacco marketing boards, the Canadian Wheat Board, and supply management systems are all examples of legislated marketing tools that have been employed in Canada.

Canada's politicians drafted and then passed into law these legislated marketing tools, which were designed by farmers in order to achieve more net income from the marketplace.

These legislated marketing tools were deliberately designed to impose disciplines on sellers on a commodity-specific level. These programs were also designed to replace a farmer-against-farmer competitiveness with a united and concerted effort by farmers to sell collectively for mutual advantage. All of this in order to maximize income from the marketplace.

There are other examples of legislated marketing tools—patent protection and copyright—which are mainly employed by companies and other non-farmers. The concept is identical—patent protection and copyright impose disciplines in order to increase market income for the sellers of a product.

Therefore, it follows that at the WTO negotiations, Canada should argue that none of the farmers' legislated marketing tools are up for negotiation unless patent protection and copyright are placed on the table by other countries. This would at least be comparing apples to apples, instead of the contrived nonsense of placing the farmers' legislated marketing tools up against trade-distorting subsidies or "market access".

3. Avoid Isolation

One of the easiest strategies to defend supply management is a strong defense of the Canadian Wheat Board's single-desk selling powers. The WTO language that singles out the CWB's single-desk selling powers must be immediately removed from the draft text.

The mantra, "We are isolated at the WTO", is employed anytime a detractor of the farmers' legislated marketing tools is trying to make the case in favour of giving up further concessions from Canada.

As long as Canada is putting forward a solid position in defending the Canadian Wheat Board's single desk, supply management is not isolated.

The minute that the Canadian government walks away from the Canadian farmers' right to design their own legislated marketing tools in relation to the CWB, all of the international guns will swing around and point directly at the supply management systems, and supply management will truly be isolated. Furthermore, if the government abandons the CWB's single-desk selling powers, the Canadian position—that marketing systems are issues to be determined domestically—is nothing more than discarded rhetoric. This will be true even though a statement was made by Canada's Minister of Agriculture, Gerry Ritz, as recently as September 16, 2009 to the effect that: "We also want to make sure that any, any work that's done on single-desk selling, like our Canadian Wheat Board, are domestic decisions, not international decisions."

4. Focus on Food Sovereignty

Legislated marketing tools such as supply management greatly enhance a nation's food sovereignty.

There is no government as immediately unstable as one that is experiencing food riots in the streets. That's why it was so ridiculous to hear the IMF, the World Bank, and others, demanding just 18 months ago that countries experiencing food riots continue to export food from their countries.

Allowing farmers to use legislated marketing tools to feed themselves and their own countries first creates stability in the food supply systems.

It is true that the Doha discussions have put on the table the notion of carving out exemptions for developing countries, but what we have to realize is that all farmers around the world are in the same boat—we are all “developing farmers”.

Sure, some farmers may have the most technologically-advanced machinery—this is true of many farmers in Canada. But that technology has been acquired through the accumulation of enormous debt—approximately 58 Billion dollars in Canada. At 6%, the interest on this debt is \$3.5 Billion annually. Over the past 25 years though, Canadian farmers' annual net income from the markets (with government payments subtracted) is about 125 million dollars per year—an amount dwarfed by the 3.5 billion dollars paid in interest annually. Without this huge debt, Canadian farming technology begins to look awfully similar to that of the so-called “developing country” farmers.

5. Just say “No”

Over time, Canadian politicians of all stripes have taken great pride in the unique Canadian accomplishments that make this country one of the best countries in the world.

Just recently, G8 and G20 members have openly expressed admiration for Canada and wanted to be more like us.

If these countries truly want to learn from Canada and be more like Canada, we must stop destroying the legislated marketing tools that work for Canadian farmers. The international admiration for Canada will evaporate if other countries see that we are not willing to fight for concepts that work for Canadian citizens. On the other hand, the esteem for Canada will certainly increase if the other countries see that we ourselves are conscious of our achievements and are determined to guard the achievements, like legislated marketing tools for farmers, that have made Canada the envy of the world.

Respectfully submitted by the National Farmers Union.