



The Canadian Dairy Supply Management Programme

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**Collectif Stratégies Alimentaires
Bruxelles, le 2 octobre 2009**



Supply Management in a Nutshell

DEMAND

minus

IMPORTS



TOTAL QUANTITY TO BE PRODUCED

Province X

Province Y

Province Z

FARMERS

FARMERS

FARMERS

-----*Individual quota*-----



Producers Need Market Power

- Collective action (or collective marketing) is necessary to balance market power

- But to achieve this:

- Legislation is a must
- Exemption from Anti-trust Legislation



Collective Marketing

- Terms negotiated between:

Provincial boards and Processors

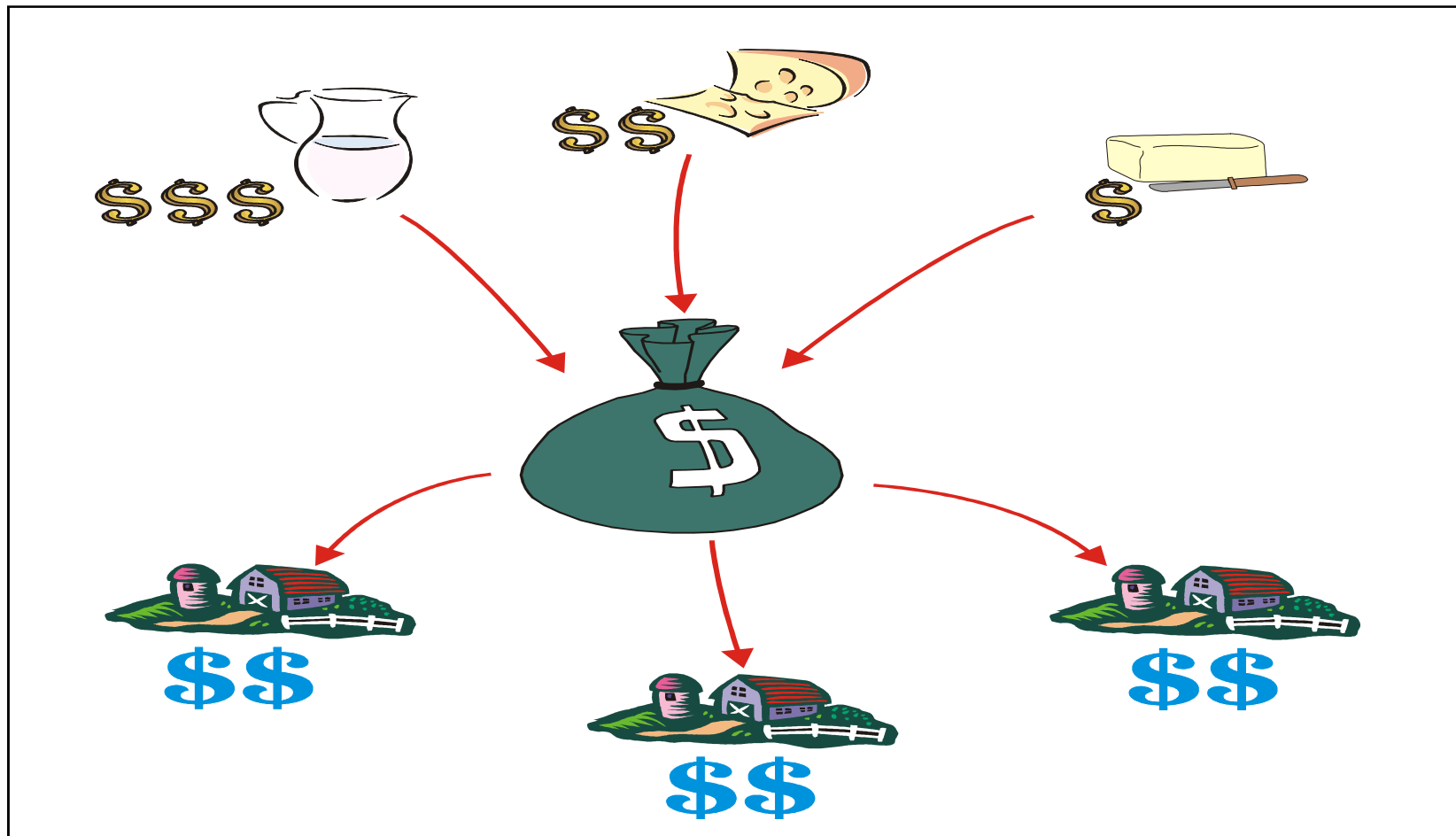
Co-operatives

Private
enterprises

- A single sales agent (provincial board) negotiates: plant supply, milk quality, classes and prices, and payment terms on behalf of farmers



Shared market returns





A Legitimate and Sustainable Policy

Logical answer to
trade
liberalization and
market
concentration...

Efficient means to
ensure producers
receive a fair
price...

B

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...requires an
appropriate
legislative
framework.

...producers must
be disciplined.



Canada's Dairy Supply Management Rests on Three Pillars:

1. Import controls
2. Producer pricing
3. Production discipline

All equally important



A Success Story that began 40 years ago



- Fair and **stable** price for farmers
- **Stable** and reasonable prices for consumers
- **Stable** supply for processors
 - ... allowing processors profits
- Very limited reliance on government treasury
- High quality products
- No surplus production

