

# The 3 Pillars of Supply Management

Presentation to the  
Novice Egg and Pullet Farmers  
Egg Supply Management Information Session  
November 17, 2014

## Production Controls

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# What are the 3 Pillars?

Production Controls  
Fair Farm Prices

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Border Controls



The ability to regulate production, pay fair prices to farmers and keep imports at a reasonable, predictable level are the three pillars of supply management.

Each pillar is critical to the stability of the system that has served Canada so well in a world where trade in eggs, poultry and dairy products is so distorted, unfair and unstable.



# Production Controls

Supply management refers to producing the right amount of eggs required to match consumer demand.

EFO manages production with a quota system, which requires egg farmers to be licensed and possess layer quota. The quota in the province and within the national system results in the collective production of the volume of eggs required for the market.

# Fair Farm Prices

Farmers who produce eggs under supply management are engaged in a social contract.

Farmers are paid fair prices for their eggs based on the actual cost of production (COP) that includes a fair return for

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Farmers are paid fair prices for their eggs based on the actual cost of production (COP) that includes a fair return for their labour and investment.

The COP survey is updated every five years. If you are contacted to participate in the near future, we encourage you to do so.



# Border Controls

You can't manage a market without having reasonable and predictable levels of imports.

The system to achieve this consists of import tariffs, as well as global and supplemental import permits.

Import tariffs are essentially taxes on imports to offset other countries' subsidy levels and distortions in the world market.

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plemental import permits.

Global permits provide tariff-free access for historical levels of imports that are enshrined in existing trade agreements.

Supplemental permits are issued on a short-term basis, only if Canadian

# existing trade agreements.

Supplemental permits are issued on a short-term basis, only if Canadian egg production cannot meet seasonal demand or as quota increases lag in a growth market.



# Conclusion

The three pillars of supply management provide choices and supply stability for consumers and fair prices for farmers.

In fact, we prefer to call it Canada's fair farm pricing system, since that is the positive result of our unique approach.

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The federal government remains firmly committed to only signing trade agreements that retain Canada's ability to control imports. This is by far the most critical issue facing Canadian egg farmers.

Thank you