

Getting it Right:

A people's guide to renegotiating NAFTA



NAFTA's Impacts on Farming

U.S. President Donald Trump has called Canada's supply management system "unfair." The United States is looking for more market access for agricultural goods in NAFTA renegotiations. More market access would mean that Canada's supply management system would be undermined since imports would come in duty-free from the U.S.

Canada has already surrendered market access in the Trans-Pacific Partnership (TPP) and the Canada-European Comprehensive Economic and Trade Agreement (CETA) negotiations. Given the subsidized U.S. industrialized farming industry, allowing U.S. farms more market access would mean Canadian small farmers would be in competition with larger industrialized U.S. farms. The market would expand to include milk from U.S. farms that may have bovine growth hormone (BGH) in it, unlike the milk here in Canada, which doesn't allow BGH.

Jan Slomp, President of the National Farmers' Union, a grassroots group of small farmers says, "We need Canada to stand firm against any temptation to negotiate away supply management. Our system ensures farmers are paid the cost of production, processing plants are able to run at full capacity, and consumers have a reliable, wholesome and affordable supply of dairy, poultry and eggs – all without any government subsidies."

What is supply management?

Supply management is a system in which the Canadian government produces licences that allow farmers to produce quotas of dairy, poultry or eggs. It also controls the price and taxes of imports into Canada. This process guarantees a sustainable living for farmers, and ensures that local, small farms are not flooded by agriculture from large mega farms.

And unlike the European Union or the United States, which have high subsidies for farming, Canada has not had to subsidize its farmers.

What does the past say about supply management?

- New Zealand, which dismantled its supply management system and is a huge exporter of milk, has seen farm revenues decrease while consumers pay higher prices.
- According to the Les Producteurs du lait du Québec, "In New Zealand, which exports more than 90 per cent of its production, things are even worse. Milk producers have absorbed revenue losses of more than 50 per cent. Farm debt has tripled in three years and 85 per cent of producers operate at a loss. Consumers do not benefit from the situation. They pay more for a litre of milk than Canadians do." In New Zealand, prices went down in the short term, but rose over five years.
- In Australia, large producers paid milk producers \$1.00 Australian – about 99 cents Canadian – for a litre of milk, which was less than what it cost to produce. Many farmers abandoned farming. Because of this, Australia provided more than \$555 million in farming subsidies.

In fact, Canada's supply management system is the envy of other small farmers around the world. Some U.S. farmers say that instead of attacking Canada's system, the U.S. should control its oversupply problem by adopting its own supply management system.

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We already sacrificed small farms in NAFTA

While consumers increasingly support buying locally from smaller farms for their health and environmental benefits, NAFTA and other trade agreements that eliminate tariffs support just the opposite – they encourage factory farming with high scales of production.



- According to the National Farmer's Union, since 1988 one in five farms have disappeared even though Canada's population has increased. Exports tripled between 1998 and 2007. In the last 40 years, Canada has lost 45 per cent of its farms. Year after year, farmers are older, with larger farms and higher debt, as the farm gate price – the price paid to farmers for what they produce – decreases.
- Statistics Canada says farms with \$1 million or more in revenue make up five per cent of the number of producers, but provide nearly half of Canada's food production. These mega farms are the fastest growing sector in Canada.
- When NAFTA came into effect, two million Mexican farmers were put out of work. Competition with subsidized U.S. corn producers meant Mexico became a net importer of corn.

Regulatory harmonization: eliminating the rules

In NAFTA renegotiations, we must also be aware of the pressure that will come from industry representatives to harmonize regulations in the three countries to streamline and match each others' food safety, environmental and GMO rules, often to the lowest standard.

These processes will be decided behind closed doors during NAFTA renegotiations. Rules such as shifting the burden of proof from industry to government to defend public interest regulations are already part of trade agreements.

We must protect food sovereignty for healthy food, for our rural communities, and for our small farms in NAFTA renegotiations.

Take action!

Tell your Member of Parliament that Canadian farmers must be protected in NAFTA renegotiations.

For more information, visit canadians.org/nafta or call us toll-free at 1-800-387-7177. Be sure to check out other factsheets, tools and information in the Council of Canadians' Getting it Right: NAFTA Lobby Kit.

Sources:

www.nfu.ca

www.iatp.org/issue/globalization/nafta-north-american-free-trade-agreement

