

Submission to the House of Commons Standing Committee on International Trade

**Study on Bill C-216 An Act to amend the Department of Foreign Affairs, Trade and
Development Act (supply management)**

May 28, 2021

About Egg Farmers of Canada

Egg Farmers of Canada manages the national egg supply and promotes egg consumption while representing the interests of all regulated egg farmers. Over 1,200 egg farms across Canada, located in every province and in the Northwest Territories, deliver the fresh, local eggs that Canadians want and enjoy. Our farmers care for 26.57 million hens and produce 789 million dozen eggs per year. Canada's egg farming sector contributes \$1.3 billion to Canada's GDP, delivers \$307 million in tax revenue and supports over 18,500 jobs.

Support for Bill C-216, An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)

We appreciate the House of Commons Standing Committee on International Trade's dedication in supporting the federal government as they negotiate trade deals on behalf of all Canadians. These trade agreements are essential and an important part of helping Canada's agriculture sector achieve its full growth potential. However, pursuing these ambitious targets must not be at the expense of domestic-focused sectors. This is why we are writing you to express our support for measures that strengthen and protect Canada's essential system of supply management. Initiatives like Bill C-216, An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management), offer vital support to our sector and uphold a system that delivers food security to our country and provides Canadians with made-in-Canada products.

Supply management protects Canadian farm families and rural economies

Canada's egg, poultry and dairy farmers and farm families rely on our uniquely Canadian system of supply management. The survival of our family farms not only benefits the Canadian economy, but also supports the vibrancy of our rural communities and the security of our food supply. We have only to look to our American neighbors to see the effects of a decentralized system where becoming bigger is the only way to survive. The U.S. lost 100,000 farms between 2011 and 2018ⁱ. Last year (2020), the U.S. lost more than 2,500 dairy farms aloneⁱⁱ. The American farm system has moved towards models that favour industrial farming, which drives smaller farms out of business. This has a profound effect as family farms support other industries and businesses within their local communities, and if they disappear, so too can other local businesses and the people who live and work in the area, leading to rural ghost towns.

Canadian agriculture has real growth potential and will remain critical to Canada's future. Take our domestic egg sector for example, where per capita egg consumption has increased by nearly 40% over the last thirteen years. This growth has a ripple effect on the entire community and helps maintain rural infrastructure. While export-oriented commodities ride the ups and downs of the market and often volatile world prices, the supply-managed sectors are like a blue chip investment that balance risk and are a stabilizing force in our agricultural sector. This balance—realized through the combination of export and domestic focused commodities—is a major competitive advantage for Canada. How is this achieved? At times when world prices plunge, making it difficult for farmers to recover their cost of production, supply-managed farmers continue to receive a steady income. Our farms continue to purchase feed, equipment and other services from local suppliers, ensuring that rural businesses like the local feed mill, vet and equipment dealers remain in business. They offer steady employment to community members and support local economies, while other sectors navigate unpredictable market forces and pursue growing export opportunities. Because of this dynamic, when global commodity prices increase and return to their normal profitability cycles, export-oriented farmers have a thriving rural infrastructure to tap into thanks to the complementary nature of supply-managed and non-supply managed commodities. This benefits our entire Canadian agriculture and agri-food system and overall economy.

Supply management supports environmental sustainability and innovation

Our farmers are committed to building healthy communities, a greener environment and contributing to thriving rural communities. We are recognized as world-leaders in the sustainable agriculture movement and are committed to a holistic approach (which includes animal welfare, food safety standards, environmental and social sustainability efforts). In order for our farmers to continue to invest in sustainable and innovative initiatives, they must be profitable and see a future in the sector. This is one of the many reasons why supply management is so important. It not only gives farmers the confidence to reinvest in their operations and to support research and innovation that advances the entire sector, it draws young farmers into the sector and supports the next generation of agricultural leaders.

In fact, supply management is a vital tool in helping Canada achieve its net-zero goals and our farmers are thrilled to be a part of those solutions. Innovative practices, evidence-based research and new efficiencies have allowed Canadian egg farmers to reduce their environmental footprint while still meeting Canada's growing demand for local eggs. In just 50 years, we have reduced the environmental impact of egg production by 68% in terms of greenhouse gas emissions, 69% in terms of water use, 81% in land use and 41% in energy—a record we are proud of.

Supply management ensures strong, domestic supply chains—even during times of crisis

Every crisis is a learning opportunity. Perhaps the biggest lesson from the COVID-19 crisis is there is no place like home—especially when it comes to procuring essential goods. From the earliest days of the pandemic, Canadians have seen how important it is to have domestic supply chains for necessities such as masks, ventilators, vaccinations and other essential medical gear. Throughout the pandemic, supply management ensured a stable, domestic food supply for Canadians, while also delivering economic stability in our sector and rural economies.

We've known for a long-time that supply management offers many benefits and we now have demonstrated that we have the ability to manage production in a crisis like no other. We have been able to produce a steady, homegrown supply of fresh Canadian eggs, which is incredibly important when trade is disrupted, borders are closed, and demand for Canadian products is at an all-time high. The system has also demonstrated how agile it can be, allowing for quick adjustments to the ever-changing market conditions that COVID-19 brought. The resilience we have built into our industry underscores the importance of protecting Canada's system of supply management and celebrating the system as an essential tool in our food supply chain.

Canadians want Canadian eggs

More than two-thirds of Canadians now feel that it is important to buy food items from Canada as a result of the pandemicⁱⁱⁱ, and 93% of Canadians believe it is important their eggs come from Canada^{iv}. The evidence is clear—Canadians want Canadian eggs, and our system of supply management is what allows egg farmers to continue to supply Canadians with fresh, local, high-quality eggs. Our farmers work hard to foster a relationship built on trust, and this is why the majority of Canadians (86%) trust the quality and safety of eggs from Canadian egg farms^v. Supply management is a vital and essential tool in providing Canadians with more of what they want.

Impact of trade agreements on the Canadian egg farming sector

Our organization has never opposed the Canadian government entering trade negotiations, so long as no concessions are made to our domestic markets. Excluding supply-managed sectors from trade agreements is not a barrier that prevents other sectors from conducting trade abroad—in fact, the recent deal between

Canada and the United Kingdom clearly demonstrates that gains can be achieved for agricultural sectors without sacrificing our egg, poultry and dairy sectors.

However, concessions made under Canada-United States-Mexico Agreement (CUSMA), combined with the requirements under the World Trade Organization (WTO) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will have a long-term impact on the livelihood of our farmers. Under these agreement, a total of 51.4 million dozen eggs will come into our country from the U.S. and other parts of the world. The combined impact granted in these recent trade deals (the combination of CPTPP, CUSMA and WTO), is the equivalent of a total of 7% of current domestic production. This represents the entire annual egg production from the Atlantic provinces (NB, PEI, NS and NL), forever. This outcome will affect generations of Canadians—and result in billions of eggs that Canadian farmers and their children will never be able to produce. It will also affect the continued viability of rural communities across Canada who rely on our farms for much needed jobs and to support other businesses in the community.

In closing, Egg Farmers of Canada recommends that the House of Commons Standing Committee on International Trade recognize the importance of Canada's unique system of supply management and the need to fully protect it in all future trade agreements. We were pleased to hear the government commit to giving no additional access to our sector in future trade agreements. Going forward, we expect the government to honour its commitment to protect supply management as the outcome of the CPTPP and CUSMA agreements failed to do so. By supporting legislation that protects Canada's system of supply management you are not only supporting thousands of farmers, you are also strengthening our vital, domestic food system. Lastly, we appreciate the opportunity to offer our views, and are available to answer your questions.

Additional information

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ⁱ Time, November 2019

ⁱⁱ The Globe and Mail, March 2021

ⁱⁱⁱ Environics Analytics, October 2020: Survey of 1,000 Canadian adults

^{iv} Ibid

^v Environics Analytics, March 2021: Survey of 1,000 Canadian adults