



Submission

**DAIRY FARMERS OF CANADA'S PRESENTATION TO THE HOUSE OF COMMONS STANDING COMMITTEE
ON INTERNATIONAL TRADE**

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

June 7, 2021

Dairy Farmers of Canada (DFC) is the national policy, advocacy and promotional organization representing Canadian dairy producers. Canadian dairy farmers are an integral part of our national food supply as they produce safe, nutritious, high-quality milk under some of the world's most stringent standards and practices.

Rather than looking outward for our food, a strong Canadian dairy sector means we can be less dependent on foreign countries to meet Canada's food requirements.

Under supply management, farmers work collaboratively with milk marketing boards, processors and the Canadian Dairy Commission to ensure enough milk production to meet domestic demand. Unfortunately, supply management has been weakened by recent trade deals, which provide greater access to foreign countries to the Canadian dairy market.

DFC is pleased to support private member Bill C-216, *An Act to Amend the Department of Foreign Affairs, Trade and Development Act (supply management)*. This act would better position our dairy sector to continue to play the integral role in our food supply that it does.

All political parties sitting in the House of Commons – including the government – have committed to not granting concessions on the Canadian domestic dairy market in any new trade agreements. Bill C-216 would compel federal officials to respect this unanimous commitment, by negotiating new trade deals with other countries without giving up the tariffs or import quotas, thereby protecting Canada's supply-managed agricultural sector.

Dairy farmers recognize the importance of international trade to the broader Canadian economy and understand the need for Canada to explore and enter into new trade agreements. However, dairy concessions have been used as leverage to secure Canada's entry into its three most recent trade agreements; the government must not make any further dairy concessions in any future trade negotiations. It is time for political support to translate into the complete exclusion of dairy from future domestic market access concessions.

Furthermore, while Canadian dairy farmers welcome the government's commitment to delivering compensation to mitigate the impacts of previously signed trade agreements, compensation does not repair the long-term and perpetual damage caused by these trade agreements. Instead of compensation, Canadian dairy farm families would have strongly preferred that no dairy concessions were granted; unfortunately, concessions were granted, and compensation was promised as a result. For dairy farm families, concessions, even with promises of compensation, are not a model for trade negotiations.

[The Impacts of Recent Trade Agreements](#)

Dairy farm families were used as collateral to secure entry into Canada's three most recent trade agreements: the Comprehensive Economic and Trade Agreement (CETA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the new Canada-United States-Mexico Agreement (CUSMA). Together, the concessions made in these agreements represent an annual perpetual loss of \$450 million in revenues for dairy producers.

Combined with access allowed under the World Trade Organization (WTO), by 2024, 18% of our domestic butterfat production, the most lucrative milk by-product, will be outsourced to dairy farmers in other countries, whose products will replace those made with Canadian milk on our store shelves.

With more than ten-thousand dairy farms and more than 500 processors, the dairy industry has been a bedrock of Canada's rural communities for generations. The sector supports more than 178,000 full-time equivalent jobs, contributes \$16.1 billion to Canada's GDP, and generates \$2.9 billion in tax revenue annually. As one of the most important agricultural sectors in Canada, the dairy sector is a key driver of economic activity, especially in rural communities where it is needed most. The sector employs and supports a whole array of people, including veterinarians, machinery dealerships, truck drivers, mechanics, animal nutritionists, feed producers and more, who each ensure the economic sustainability of our communities.

Every time additional access to our domestic market is given away, the impact is felt by dairy farm families across the country. The concessions granted in recent trade agreements have created uncertainty, particularly for young producers, as they discourage investment in Canadian farms and processing. In turn, this could lead to job losses in communities across the country, thus weakening the dairy sector and our national food security.

Trade deals can be made without sacrificing the dairy sector. Since 1997, Canada has negotiated with 15 countries, 12 trade agreements without providing access to our domestic market. The Canada-United Kingdom Trade Continuity Agreement proves that Canada can conclude free trade agreements with other countries without providing new access to the Canadian dairy sector. This should be the norm going forward. Dairy farmers and farmers from other supply-managed sectors have surrendered enough of their market to foreign interest. The negotiation of free trade agreements should never be at the expense of certain industries. The desire of some commodities to expand their market worldwide is legitimate and should be a priority for government but the interest of sectors should never be pitted against each other.

Given the COVID-19 pandemic, Canadians are increasingly demanding greater domestic food security, and rightfully so. The dairy sector is a leader in producing a stable supply of nutritious, 100% Canadian products from farm-to-table. The pandemic has demonstrated the weakness of a model that relies disproportionately on our trading partners.

A vibrant dairy industry means food security, jobs, better access to rural infrastructure and a strong economy that benefits all Canadians. The dairy industry is a pillar of the Canadian economy, and a key component of rural Canada's success.

The only viable model going forward is the firm exclusion of our domestic dairy market from trade negotiations. Bill C-216 would cement this commitment.

Therefore, DFC recommends:

- *That the Government and all parties support Bill C-216 and consequently ensure that any future trade negotiations do not concede further domestic dairy market access.*

Conclusion

The need for domestic food security has never been more evident than during the COVID-19 pandemic. By finally providing a clear schedule of the promised compensation for CETA and CPTPP, and by following through soon on its commitment to full and fair compensation for CUSMA, the federal government will have provide dairy farm families with the tools they need to overcome the concessions granted in recent trade negotiations, and to continue their important contributions to the health and well-being of Canadians, and communities across the country. The government and all Parliamentarians can send an even stronger signal to the sector by supporting Bill C-216 and taking dairy concessions off the table in future trade negotiations. Passage of this bill will help ensure the prosperity of the Canadian dairy sector and other supply-managed sectors. Dairy Farmers of Canada strongly urges the government and all political parties to maintain the integrity of the supply management system, and provide no additional access when negotiating future free trade agreements.