

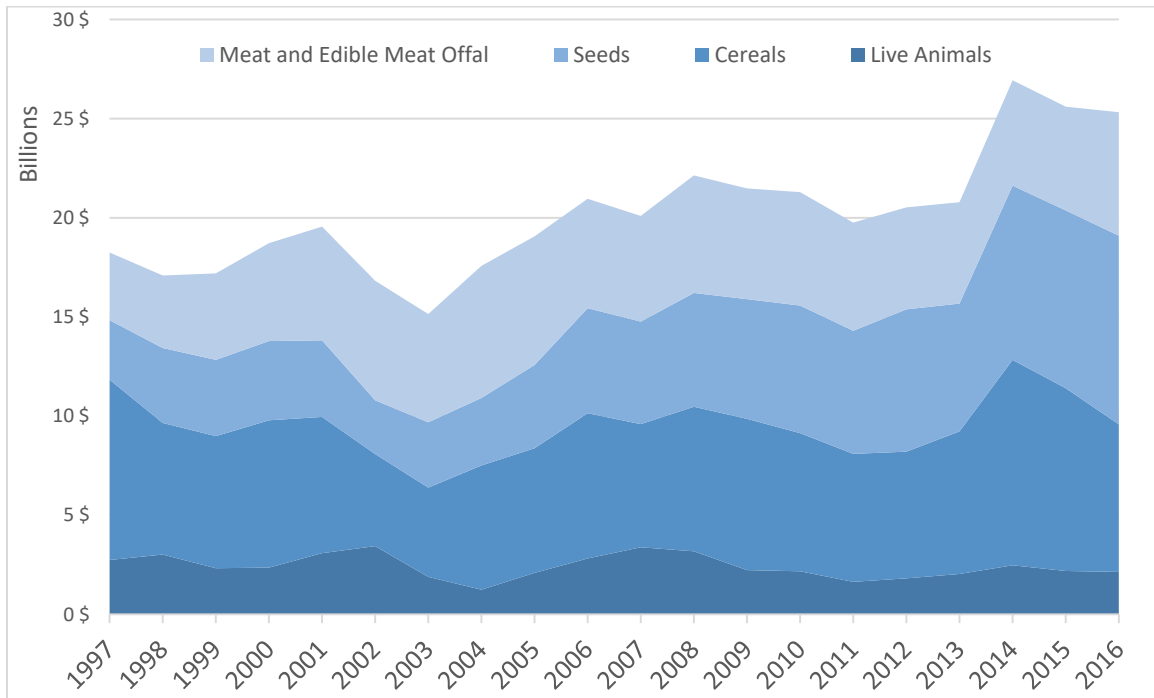
Technical Annex to the Viewpoint
“Does Agricultural Prosperity Require Supply Management?”
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Evolution of trade

Over the past twenty years, total agricultural product exports, which include re-exports, have grown substantially. In constant dollars, they increased from \$18.2 billion to \$25.3 billion (see Figure A-1).

Figure A-1
Certain agricultural product exports, in constant 2016 dollars, 1997-2016



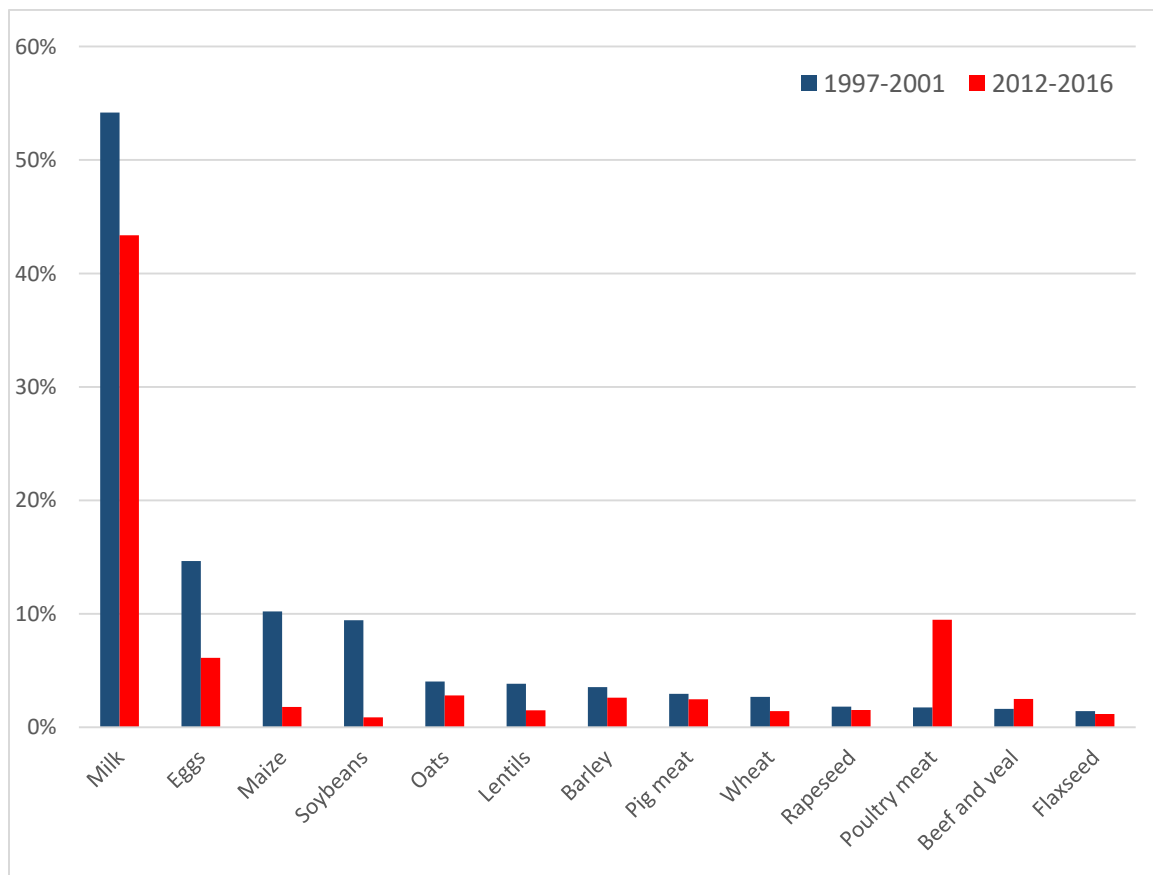
Note: The sectors chosen correspond to the following codes: HS 01 – Live Animals, HS 10 – Cereals, HS 12 - Oil Seeds, Oleaginous Fruits, Industrial or Medicinal Plants, Straw and Fodder, and HS 02 - Meat and Edible Meat Offal. The amounts were indexed according to the corresponding classification of the Farm Product Price Index (FPPI).

Sources: Innovation, Science and Economic Development Canada, Trade Data Online, Domestic exports of Canada by product (HS code), 1997-2016; Statistics Canada, CANSIM Table 002-0069: Farm product price index (FPPI) annual (index, 2007=100), 1997-2016.

Evolution of Producer Support Measures

It is interesting to note that products not under supply management do not receive much government support at all compared to other products, whether in terms of direct subsidies or tariff measures. Producer support is expressed as a percentage of gross revenues and corresponds to the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level.¹

Figure A-2
Evolution of Producer Single Commodity Transfers (PSCT), 1997-2016



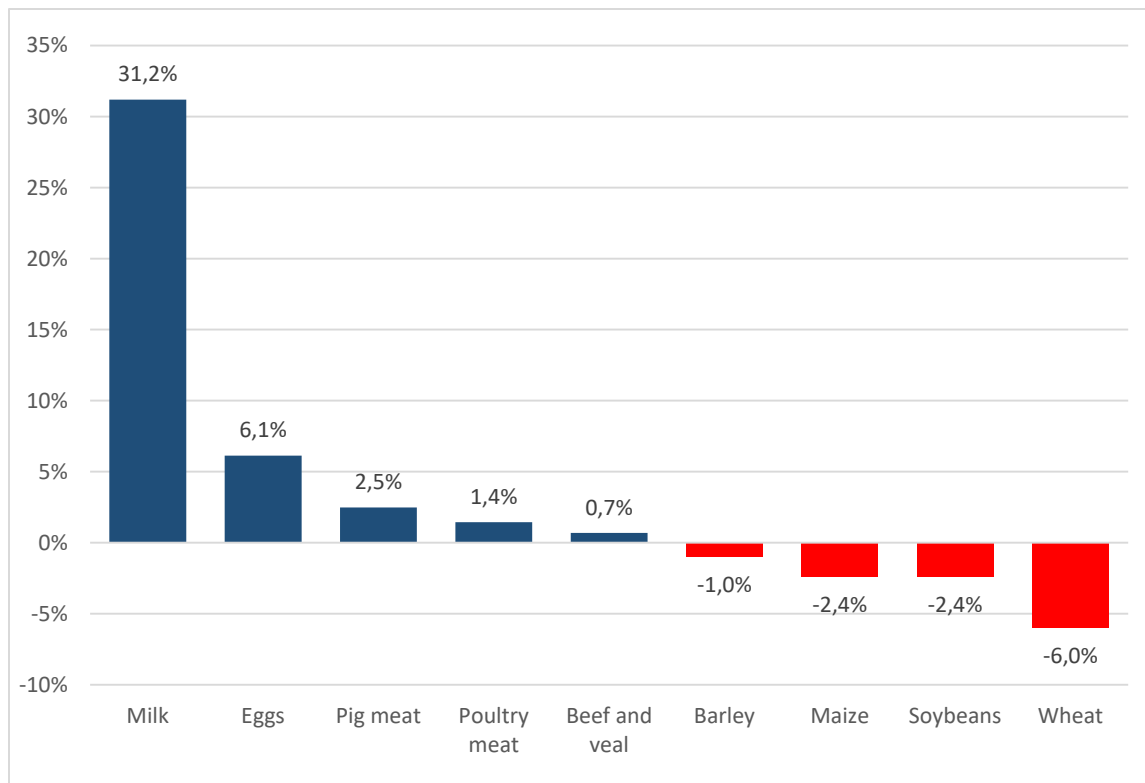
Source: OECD and FAO, OECD-FAO Agricultural Outlook database, 2017-2026.

Associations of producers under supply management declare that they would not be able to compete with their American counterparts because of the subsidies the latter receive, mainly through the “Farm Bill.” Yet sectors under supply management are

¹ OECD, *Agricultural Policy Monitoring and Evaluation 2016*, June 16, 2016, p. 11.

currently subsidized at a much higher level, namely 31.2 percentage points more than in the United States for milk, and 6.1 for eggs. As for Canadian products not subject to supply management for which data were available for both countries, the level of support is generally lower in Canada. Canadian producers manage to export substantial quantities of agricultural products, in spite of this disadvantage.

Figure A-3
PSCT gap between Canada and the United States for various agricultural products, in percentage points, 2012-2016 average



Source: OECD and FAO, OECD-FAO Agricultural Outlook database, 2017-2026.