

2013-10-16 Op Ed – Cheese and CETA, a tiny drop in the milk bucket

The 'last stumbling block', the 'most contentious issue', the 'hardest to agree to' part of the now finally-signed comprehensive trade agreement with Europe (CETA) turns out to have been not cars, not sub-national procurement, not drugs, not beef, not manufactured goods, all of which were important and contentious issues for sure. No, the last holdout was cheese, with Canada finally agreeing to allow a modest 17,000 more tonnes of cheese into Canada. Cheese lovers hold on to your cheers – that's barely 3.5% of Canadians' total cheese consumption.

Right now the quota is only 20,000 tonnes (as is, only about 4% of the Canadian market), and the additional 17,000 are all being offered to the EU. But the total amount of cheese allowed in under quota (without tariffs) will still be only a tiny fraction of the cheese available to Canadians – we have to buy the rest through the supply-managed, artificially high-priced Canadian dairy cartel. (Any imports over the quota face tariffs of about 250%, effectively keeping them out.)

To put a total quota of 37,000 tonnes of cheese into perspective: In 2009 there were 35,500 tonnes of skim milk powder sitting in storage, unused. That's equivalent to more than 34 million litres, or more than one litre per Canadian. Thanks to supply management's economic distortions, there is a chronic surplus of skim milk powder in Canada each year, which the Dairy Commission buys (with money earned through high milk prices), simply to protect the system.

The dairy lobby has wasted no time responding to the EU trade deal announcement – they claim that “dairy farmers will not

support the Harper government agreeing to a deal with the EU that **gives away** the Canadian cheese market that Canadian dairy farmers and cheese makers have worked so hard to develop over the years." "Gives away"? The Europeans are simply being allowed to bring in a tiny fraction more of the cheese that Canadians want to consume, at market prices.

The irony is that there are some wonderful cheeses that are now being made in Canada by innovative, entrepreneurial dairy farmers and small processors – indeed, Glengarry Cheesemaking's Lankaaster cheese just took top prize at the annual Global Cheese Awards. But their ability to turn good cheese into economic success is severely hindered by the artificially high prices they pay for milk, and by our system preventing them access to other markets. I'm sure that many of our small cheese manufacturers – those the dairy lobby is so quick to "defend" -- would do very well exporting, but at market prices and to the much larger markets that we might have access to, if it weren't for our own protectionist policies. This was a tough enough hurdle for the EU trade deal -- the Trans Pacific Partnership negotiations, offering tempting access to huge Asian markets, will likely be off-limits if we don't fully dismantle supply management.

This concession on cheese was part of the effort to get the EU to allow more Canadian beef into their market. The Europeans clearly have their own protectionist forces at work, and, in a world where our supply management system forces Canada to make major trade-offs, this is one of the rare examples where supply management is held up as a tit for a tat. But even putting aside freer trade and greater access to markets for Canadian food, goods and services -- Canadians should be up in arms over the high prices we continue to pay for dairy, poultry and eggs here at home: Over \$200 MORE for the average family each year. And of course the people who suffer the most from these high prices include single parent

families, too often living in poverty, with children who most need basic, healthy food.

How Thomas Mulcair and the NDP can continue to support a regressive system that hurts so many Canadians most in need is astounding.

Canadians are upset about their cell phone charges – they should also be insisting that their politicians take action to achieve market prices for basics such as milk, cheese and chicken. The Harper government is happy to be seen as pro-consumer for the one, but continues to show utter hypocrisy on the other.

Message to the Harper government and all politicians: too many of you are afraid of the dairy lobby. Indeed, it used to be very powerful, but dairy farms are now far outnumbered – **in every single federal riding** – by the 94% of Canadian farms that are NOT supply managed. The vast majority of those other farmers want to see supply management go -- including the beef, pork, grain, oilseed and pulse producers who could then gain access to other major world markets. In the 1970s, when supply management was brought in, there were about 145,000 dairy farms across the country. But that number has dropped a staggering 91% to barely more than 12,500 -- nationwide. They now represent **far fewer votes** than do all of the people, including the majority of Canadian farmers, who would benefit from dismantling the system. There are no more excuses. There have been proposals to dismantle the system in a positive, successful way for the farmers, and successful examples. It can be done, win-win.

For a full description of the supply management system, the challenges it causes, and, most importantly, positive

recommendations for an exit strategy that is win-win – including for dairy farmers – see this [report from the School of Public Policy, http://policyschool.ucalgary.ca/?q=content/supply-management-problems-politics-and-possibilities](http://policyschool.ucalgary.ca/?q=content/supply-management-problems-politics-and-possibilities)

The negatives now far outweigh the positives -- Canadians need to start insisting that their politicians to get something done. 17,000 tonnes is a small drop in what should be a big bucket.