



### Let's grow Canada's dairy and poultry sectors

#### THE ISSUE:

The Trans Pacific Partnership, or TPP talks, is a major opportunity for Canada to participate fully in the world's fastest growing economic region. But reaching a deal is hampered by Canada's short-sighted defense of our supply management system, which controls the production, import and sale of poultry and dairy products.

It's time to modernize supply management, to encourage innovation and competition, new market entrants, and lower prices. The Canadian chicken and dairy industries can then better meet changing consumer demand and restaurateurs' needs.



#### WHY IT MATTERS:

Canadian restaurants are the second-largest buyer of chicken and dairy in the country, buying about \$5 billion of product a year. The restaurant industry wants to help grow the chicken and dairy industries in Canada. But the current system of supply management frustrates our ability to do this.

#### FOR CONSUMERS TO BEAR THE COST:

Both consumers and our industry pay a high price for supply management. One estimate holds Canadian families, rich and poor, pay \$311 a year in higher dairy and poultry prices because of supply management. At the same time Canada's high dairy and chicken prices deter restaurants from using these products because our customers remain highly price conscious. In our industry for example:

- One restaurant chain pays 7 cents for a slice of cheese in the U.S. In Canada, that same slice of cheese costs 28 cents.
- Milk shakes are a top seller for a restaurant chain in the U.S. That same chain would have to charge \$12 a milkshake in Canada to turn a profit – a price point that is too high for consumers.

The TPP offers the opportunity to closely consider the continued relevance of supply management and, we would advocate, begin to move these industries to a more rational economic basis.

#### WHAT YOU CAN DO:

1. Review the 50-year-old supply management regime in Parliament to assess if it best meets Canadian needs in today's global economy;
2. Support Canada's adoption of the TPP accord, including the short-term transition measures deemed necessary
3. Appoint a consumer to the boards of the Canadian Dairy Commission and the Farm Products Council of Canada. Right now, only producers sit on these boards.

to aid farmers' migration to a new trading environment, and

## BACKGROUND:

Canadian chicken and dairy prices are among the highest in the world. As a result, consumer consumption and restaurant sales have not grown. In dairy, the government has allowed annual price increases for decades. For the first time in 2015, there was a modest price reduction for industrial milk used to make products like yogurt and ice cream. Chicken remains a tightly controlled product, barring the way for innovative new market entrants.

## ISSUES AND CONCERNS:

- Canadian milk prices are among the highest in the world.
- High prices mean Canadians consume less dairy and it's priced off restaurant menus.
- The recent industrial milk price reduction is not reaching restaurants.
- The 3(d) mozzarella price class for pizza should extend to other meal choices on the menu, as well as other dairy products (other cheeses, butter, etc).
- Chicken prices are also among the highest in the world.
- Our members can't get the product, cut or size they need to be competitive.
- It's difficult for new market entrants, free from chicken quota constraints, to meet diverse demand, such as free range, specialty and ethnic needs.

The restaurant industry is the culinary research, innovation and marketing partner for the dairy and poultry sectors. But true innovation and growth can only happen when supply management is modernized. We need an approach that meets Canadians' needs for choice, price and innovation.

## Canada's Restaurant Industry: Dishing up a Thriving Nation

- **\$72 billion** a year in economic activity
- Investment in every Canadian community
- **1.2 million** direct jobs
- Number one source of **first-time jobs** for our nation's youth
- Canada's culinary researcher and innovator
- A top tourism driver

