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Why Bother With New Federal Provincial Supply Managed Agreements?

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Back in the summer of 1998, the Ministers of Agriculture directed that the national poultry agencies undertake a re-write of their Federal Provincial Agreements. Concern was expressed by the Ministers that some of the national supply managed Agencies were not following their current FPA's. The Ministers wanted the agreements to be more "flexible and market responsive." Those words, flexible and market responsive, have been in vogue in supply managed circles for about 10 to 15 years. The words flexible and market responsive have provided good cover given that they sound very responsible yet are suitably vague and ambiguous.

According to the National Farm Products Council, an FPA is an "agreement among the players in a commodity on the overall framework of how they will operate the orderly marketing of a commodity. It sets out the rights and responsibilities among the players, which include governments, supervisory bodies and commodity boards at the national, provincial and territorial level." There is an FPA for each of the supply managed agricultural commodities (dairy and wheat are outside the NFPC's purview). At present, there are four FPAs: chicken, turkey, table eggs, and broiler hatching eggs.

In essence, these agreements are the sorta/kinda legal basis for the poultry supply managed systems. These outline variables such as quota distribution, penalties, etc. One problem though is that these agreements are only as strong as the cooperation amongst the participants, primarily the provincial marketing boards. In that regard, needless to say, they are not very strong at all. Add to that the fact that the National Farm Products Council has essentially no true regulatory authority, and you have a recipe for abuse and confusion.

Within that context, the first agreement to come close to completion is the chicken FPA. The Chicken Farmers of Canada have the draft completed and are now going to try and do a sales job across Canada. The real question is, why bother? Whether the current chicken National Allocation Agreement fits within the confines of the current FPA or a new FPA is in reality completely immaterial. The CFC board of directors cannot even keep the current NAA working and have resorted to smoke and mirrors to try and keep the appearance of a working system.

A good example is how the CFC board of directors is treating Alberta's production. During the last two quota periods set by the CFC, Alberta has said that it will allocate production far in excess of the cap under the NAA. Alberta producers and processors

have decided they are going to produce what they want.

How does the CFC board deal with that? The CFC simply “deems” that Alberta is producing to the cap. That was easy, next problem...

The point is not whether Alberta producers and processors are right or wrong. Alberta producers and processors have logical reasons for pursuing increased chicken production in the province. The point is that the NAA and any new FPA are not worth the paper they are written on. This over riding fact is not confined to chicken. Not surprisingly, the egg industry has also provided some good, entertaining examples of this as well.

Supply management has many accomplishments to which producers have pointed with pride. One not-so-proud characteristic of supply managed administration has always been its innate tendency to see just how much they can get away with. How far can we go before either the system collapses or someone in authority actually says “enough?” That last point regarding someone in authority taking action has never been much of a concern.

So is there danger that the system will ultimately collapse? Recall a key point: given that imports are kept under control via tariffs as opposed to quotas, there is no trade-related reason for a national agreement. The only real reason there still is a system at all is because Ontario and Quebec, along with the big primary processors, have determined that they are better off with a national system than without a national system.

Real policy change and leadership would allow competitive chicken producing and processing regions like Alberta and southern Ontario to move towards producing, processing and adding value up to their potential. In reality, no changes are ever made to federal/provincial marketing policy unless they are forced by crisis or by the stronger participants. So whether a new FPA comes about or not is immaterial. The system is a house of cards and no new FPA is going to change that fact.