

End Supply Management—For the Sake of Canadian Consumers

By Gwyn Morgan

U.S. President Donald Trump's trade policy is often chaotic and punitive. But on one point, he is right: Canada's agricultural supply management system has to go. Not because it is unfair to the United States, though it clearly is, but because it punishes Canadians. Supply management is a government-enforced price-fixing scheme that limits consumer choice, inflates grocery bills, wastes food, and shields a small, politically powerful group of producers from competition—at the direct expense of millions of households.



And yet Ottawa continues to support this socialist shakedown. Last week, Prime Minister Mark Carney [told reporters](#) supply management was “not on the table” in negotiations for a renewed United States-Mexico-Canada Trade Agreement, despite U.S. negotiators citing it as a roadblock to a new deal.

Supply management relies on a web of production quotas, fixed farmgate prices, strict import limits, and punitive tariffs

that can approach 300 percent. Bureaucrats decide how much milk, chicken, eggs, and poultry Canadians farmers produce and which farmers can produce how much. When officials misjudge demand—as they recently did [with chicken and eggs](#)—farmers are legally barred from responding. The result is predictable: shortages, soaring prices, and frustrated consumers staring at emptier shelves and higher bills.

This is not a theoretical problem. Canada's most recent chicken production cycle, ending in May 2025, produced one of the worst supply shortfalls in decades. Demand rose unexpectedly, but quotas froze supply in place. Canadian farmers could not increase production. Instead, consumers paid more for scarce domestic poultry while last-minute imports filled the gap at premium prices. Eggs followed a similar pattern, with shortages triggering a convoluted "allocation" system that opened the door to massive foreign imports rather than empowering Canadian farmers to respond.

Over a century of global experience has shown that central economic planning fails. Governments are simply not good at "matching" supply with demand. There is no reason to believe Ottawa's attempts to manage a handful of food categories should fare any better. And yet supply management persists, even as its costs mount.

Those costs fall squarely on consumers. According to [a Fraser Institute estimate](#), supply management adds roughly \$375 a year to the average Canadian household's grocery bill. Because lower-income families spend a much higher proportion of their income on food, the burden falls most heavily on them.

The system also strangles consumer choice. European countries produce thousands of varieties of high-quality cheeses at prices far below what Canadians pay for largely industrial domestic products. But our import quotas are tiny, and anything above them is hit with tariffs exceeding 245 percent. As a result, imported cheeses can cost \$60 per kilogram or

more in Canadian grocery stores. In Switzerland, one of the world's most eye-poppingly expensive countries, where a thimble-sized coffee will set you back \$9, premium cheeses are barely half the price you'll find at Loblaw or Safeway.

Canada's supply-managed farmers [defend their monopoly](#) by insisting it provides a "fair return" for farmers, guarantees Canadians have access to "homegrown food" and assures the "right amount of food is produced to meet Canadian needs." Is there a shred of evidence Canadians are being denied the "right amount" of bread, tuna, asparagus or applesauce? Of course not; the market readily supplies all these and many thousands of other non-supply-managed foods.

Like all price-fixing systems, Canada's supply management provides only the illusion of stability and security. We've seen above what happens when production falls short. But perversely, if a farmer manages to get more milk out of his cows than his quota, there's no reward: the excess must be dumped. Last year alone, enough milk was discarded to feed 4.2 million people.

Over time, supply management has become less about farming and more about quota ownership. Artificial scarcity has turned quotas into highly valuable assets, locking out young farmers and rewarding incumbents.

Why does such a dysfunctional system persist? The answer is politics. Supply management is of outsized importance in Quebec, where producers hold a disproportionate share of quotas and are numerous enough to swing election results in key ridings. Federal parties of all stripes have learned the cost of crossing this lobby.

That political cowardice now collides with reality. The USMCA is heading toward mandatory renegotiation, and supply management is squarely in Washington's sights. Canada depends on tariff-free access to the U.S. market for hundreds of

billions of dollars in exports. Trading away a deeply-flawed system to secure that access would make economic sense.

Instead, Ottawa has doubled down. Not just with Carney's remarks last week but with [Bill C-202](#), which makes it illegal for Canadian ministers to reduce tariffs or expand quotas on supply-managed goods in future trade talks. Formally signalling that Canada's negotiating position is hostage to a tiny domestic lobby group is reckless, and weakens Canada's hand before talks even begin.

Food prices continue to rise faster than inflation. [Forecasts](#) suggest the average family will spend \$1,000 more on groceries next year alone. Supply management is not the only cause, but it remains a major one. Ending it would lower prices, expand choice, reduce waste, and reward entrepreneurial farmers willing to compete.

If Donald Trump can succeed in forcing supply management onto the negotiating table, he will be doing Canadian consumers—and Canadian agriculture—a favour our own political class has long refused to deliver.

The original, [full-length version](#) of this article was recently published in [C2C Journal](#).

Gwyn Morgan is a retired business leader who was a director of five global corporations.