



FRONTIER CENTRE FOR PUBLIC POLICY

POLICY BRIEFING

The 'Subsidy Snare' are Canada's Farmers Trapped?

April 4th, 2006

by
Rolf Penner
Agricultural Policy Fellow

The slide contains two images. On the left is a line drawing of a snare trap, labeled "Figure 7B". It shows a horizontal pole with a rope loop (the snare) hanging from it. A "Toggle" is attached to the rope, and a "Trigger" is attached to the pole. Text on the diagram includes: "Toggle attached to continuous line. No notch needed.", "Thin pole or bent sapling.", "WILDERNESS SURVIVAL HANDBOOK TO BLUE PLY ISBN 0-312-15763-5", and "Robert trigger". On the right is a photograph of a snare trap, showing a green plastic tube with a red cap and a rope loop attached to it.

Rural Renaissance Project



90% of Canada's farmers export
80% of everything they produce.



The Subsidy Share

Rural Renaissance Project



The Wild Hogs of Horseshoe Bend

— author unknown



The Subsidy Share

Rural Renaissance Project

The Wild Hogs of Horseshoe Bend

— author unknown







The Subsidy Snare

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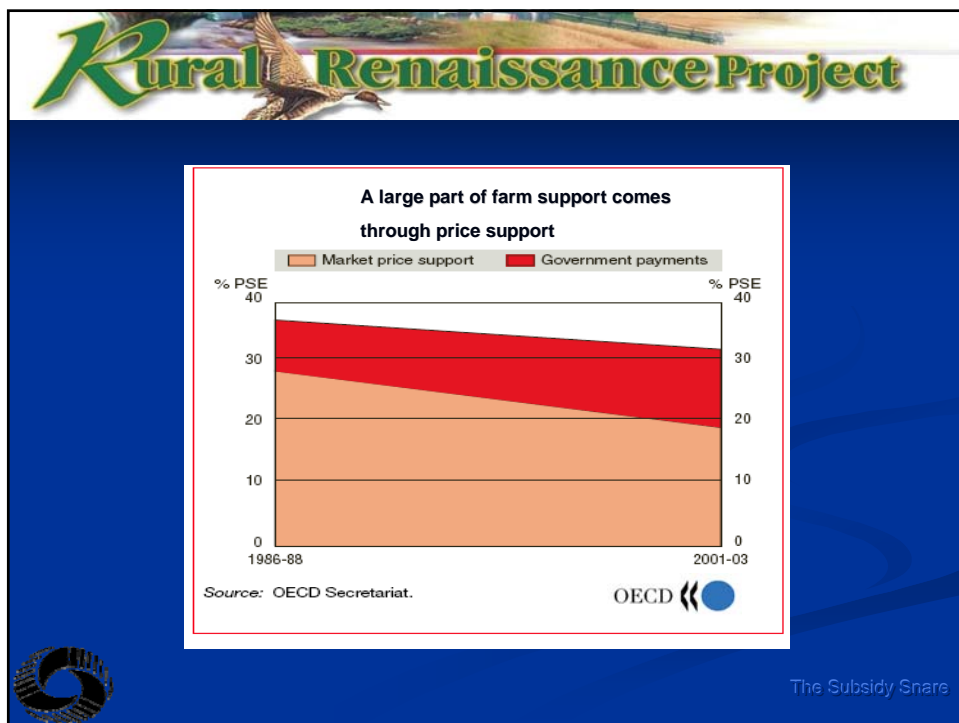
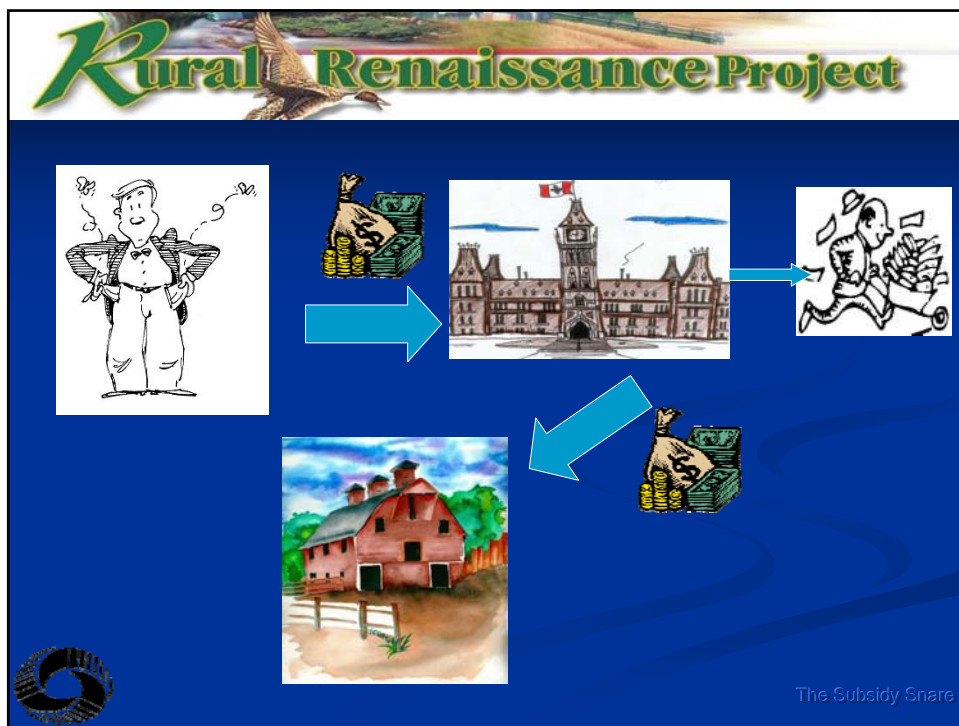

What are subsidies?



The Subsidy Share



The Subsidy Share



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The Subsidy Snare

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The Subsidy Snare

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**-Canada Uses both direct payments
& market price supports.**

Direct Payments

- Grains & Oilseeds
- Beef & Hogs

Market Price Supports



The Subsidy Snare

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**-Canada Uses both direct payments
& market price supports.**

Direct Payments

- Grains & Oilseeds
- Beef & Hogs

Market Price Supports

- Dairy
- Chicken
- Eggs
- Turkey
- Hatching Eggs



The Subsidy Snare

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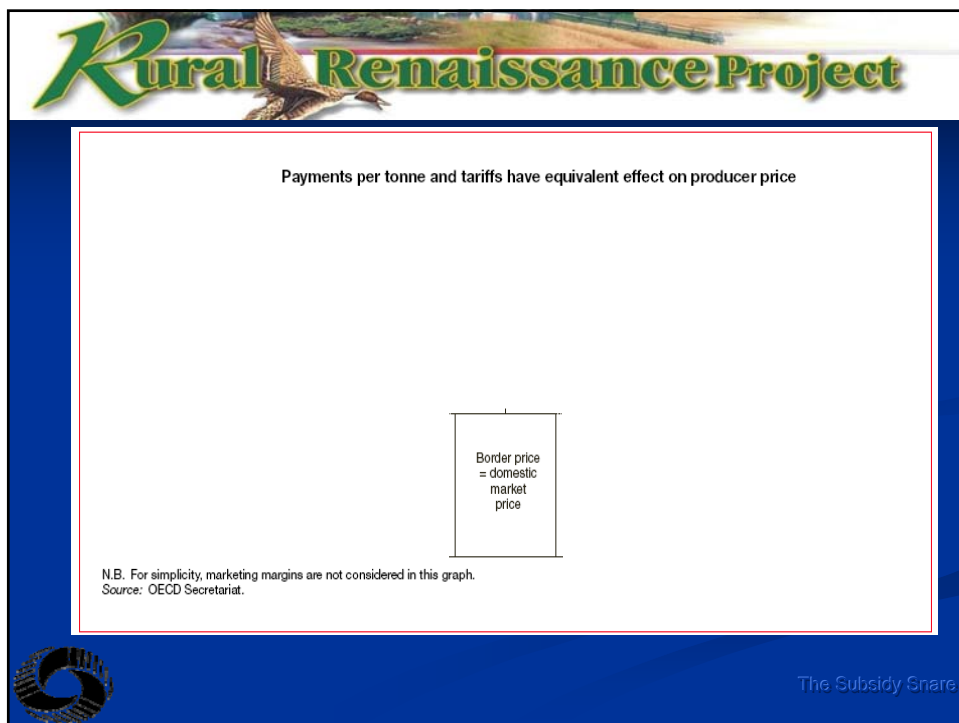


Tariffs on Canadian Foods

- 241% on milk
- 246% on cheese
- 299% on butter
- 238% on chicken
- 155% on turkey
- 164% on eggs

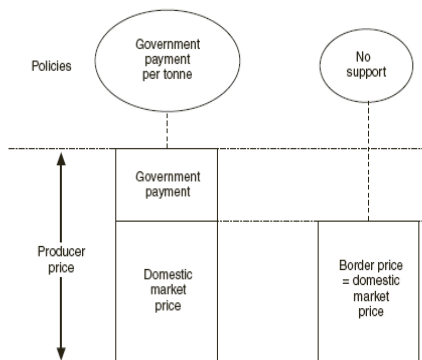


The Subsidy Snare



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Payments per tonne and tariffs have equivalent effect on producer price



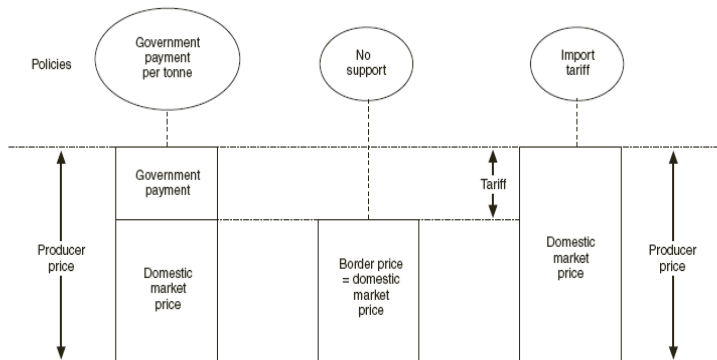
N.B. For simplicity, marketing margins are not considered in this graph.
Source: OECD Secretariat.



The Subsidy Snare

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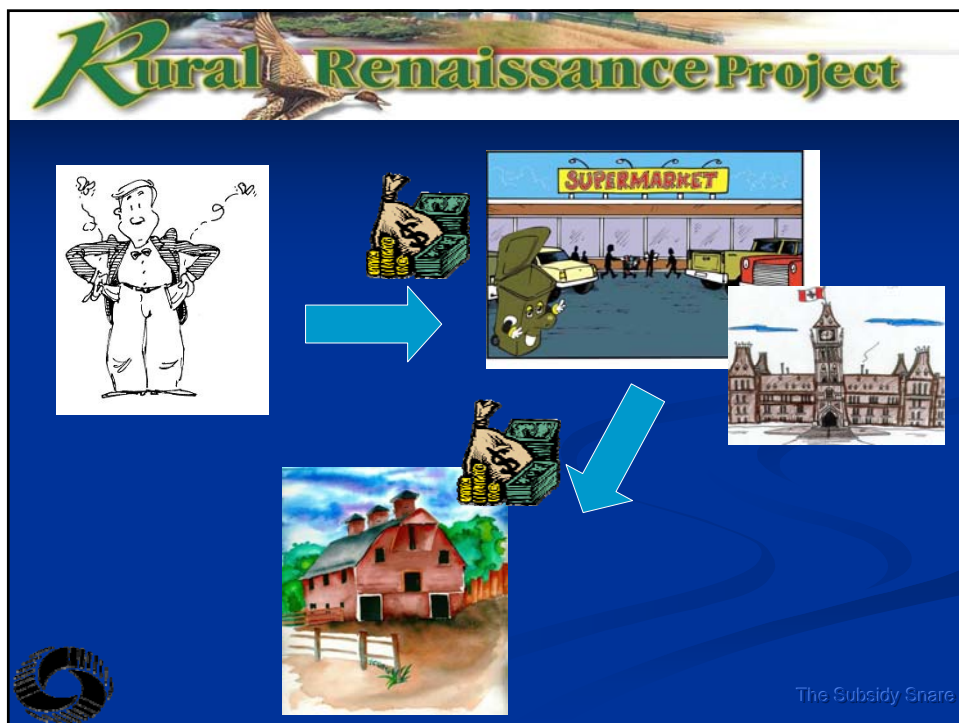
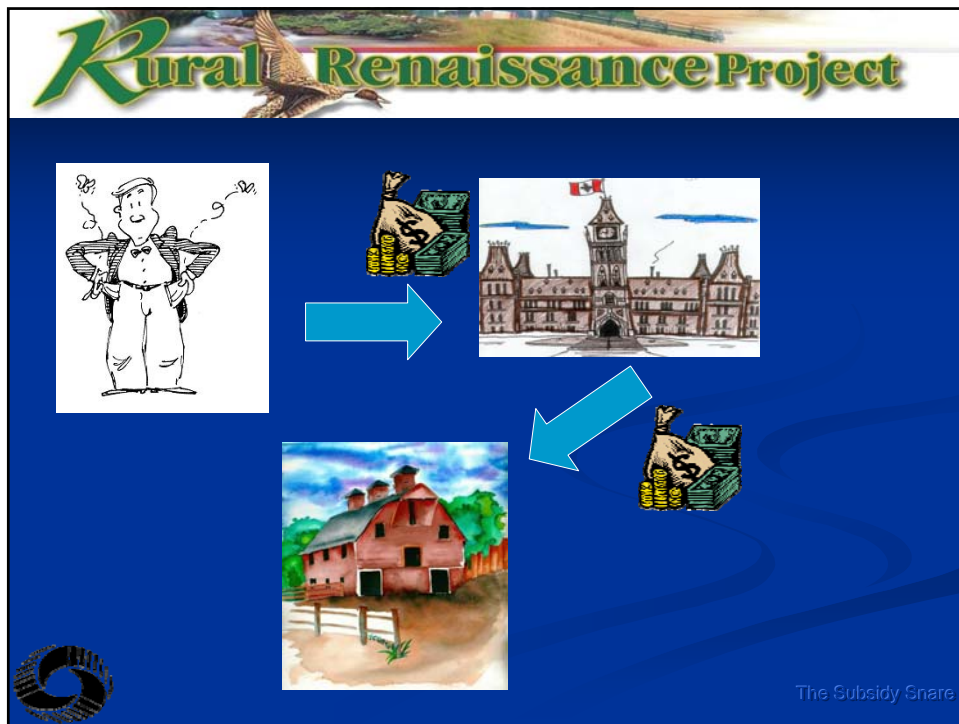
Payments per tonne and tariffs have equivalent effect on producer price



N.B. For simplicity, marketing margins are not considered in this graph.
Source: OECD Secretariat.



The Subsidy Snare



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Consumer



=

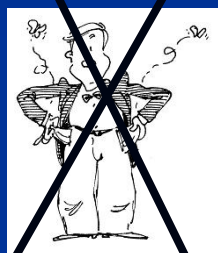
Taxpayer



The Subsidy Share

Rural Renaissance Project

~~Consumer~~



~~≠~~

Taxpayer



The Subsidy Share

Rural Renaissance Project



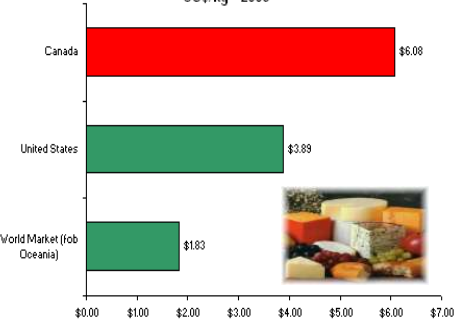
Udder



The Subsidy Snare

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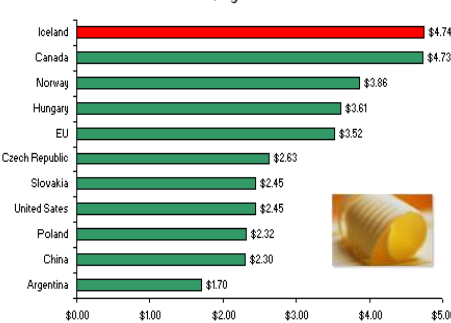
Cheddar Cheese Prices in Selected Countries US\$/kg - 2003



Country/Market	Price (US\$/kg)
Canada	\$6.08
United States	\$3.89
World Market (Rob Oceania)	\$1.83



Sources: National Committee of IDF, ZMP, USDA

Butter Prices in Selected Countries in US\$/kg - 2003



Country/Region	Price (US\$/kg)
Iceland	\$4.74
Canada	\$4.73
Norway	\$3.86
Hungary	\$3.61
EU	\$3.52
Czech Republic	\$2.63
Slovakia	\$2.45
United States	\$2.45
Poland	\$2.32
China	\$2.30
Argentina	\$1.70

Sources: National Committee of IDF, ZMP, USDA

The Subsidy Snare

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Subsidy Dollars



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Make sure you're
Comparing Apples to Apples

The Subsidy Snare

OECD Countries



- Australia
- Canada
- European Union
- Iceland
- Japan
- Korea
- Mexico
- New Zealand
- Norway
- Switzerland
- Turkey
- United States



The Subsidy Snare

19 Year OECD Subsidy Total

\$4,788,457,000,000.00 -USD



\$ 4.79 Trillion -USD



The Subsidy Snare

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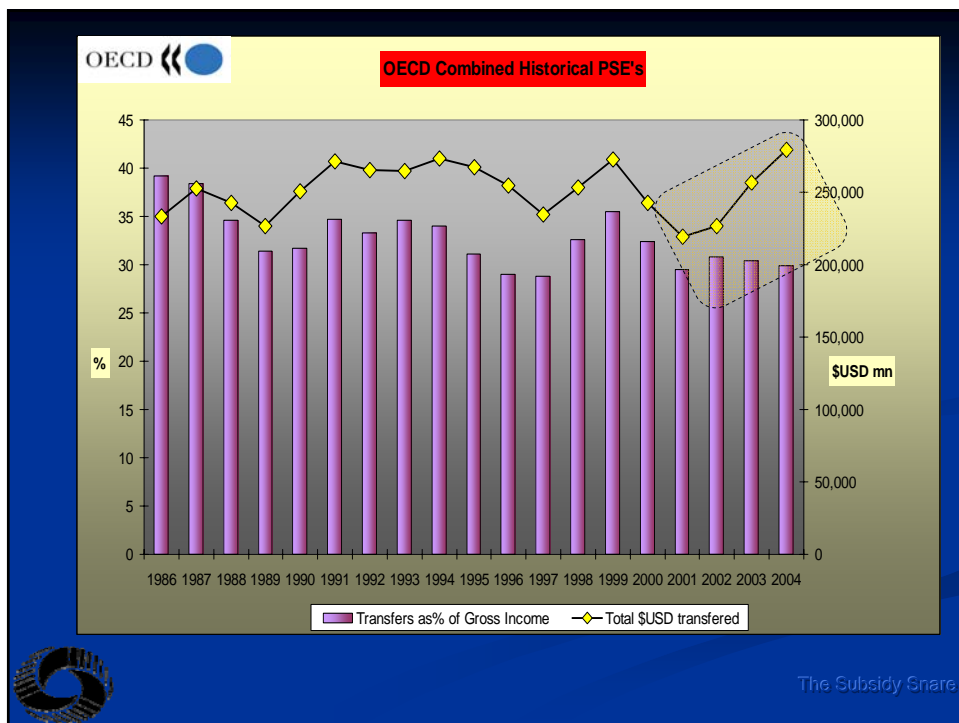


The Subsidy Share

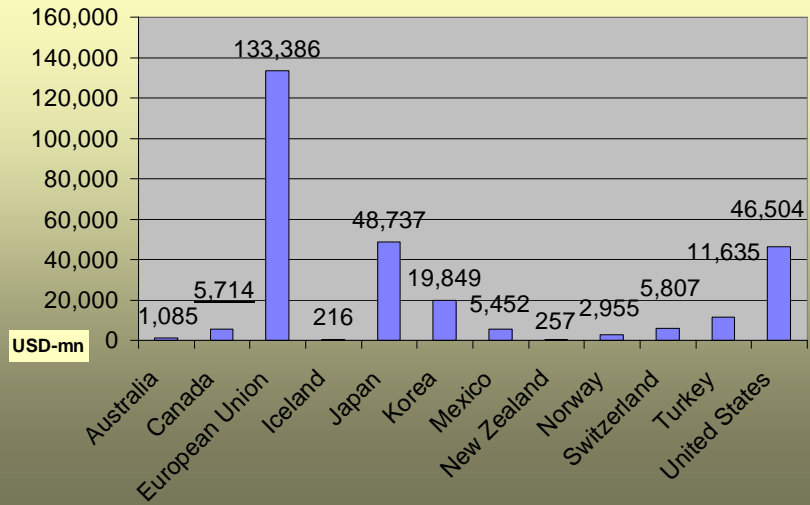
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The Subsidy Share

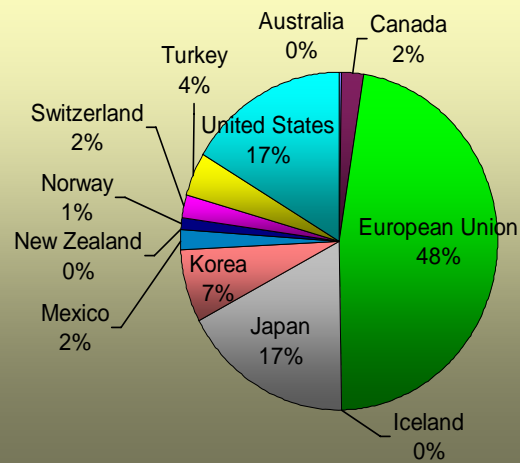


2004-OECD Total Dollars Transferred



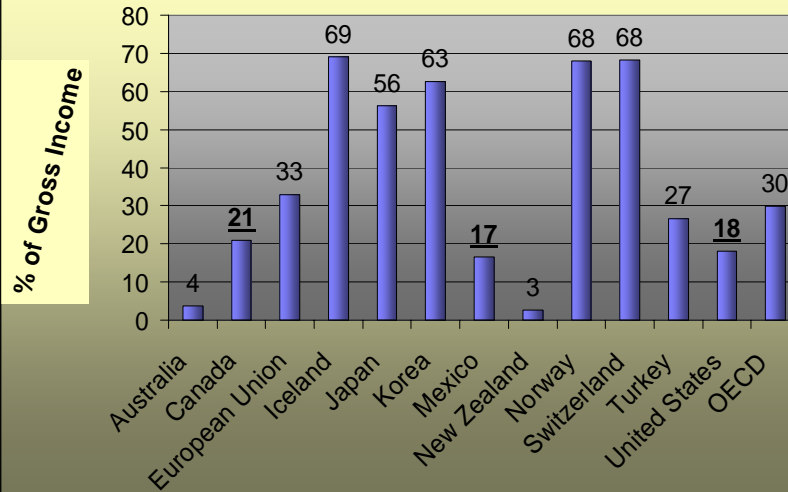
The Subsidy Snare

2004 OECD Supports as a % of Total Dollars



The Subsidy Snare

OECD -2004- PSE's by Country



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Economic Drag



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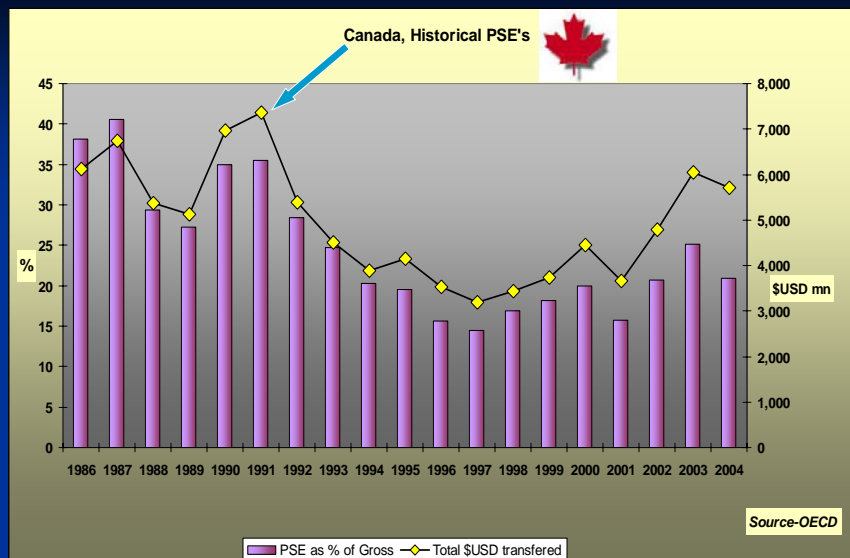
Canada's 19 year Subsidy Total

\$94,200,000,000.00 -USD

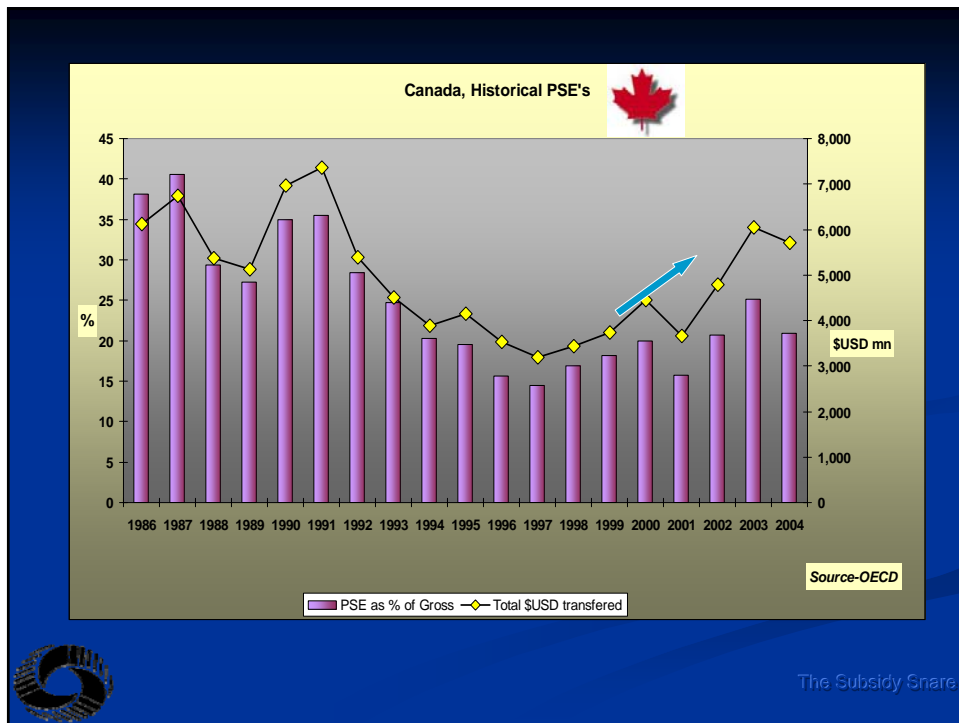
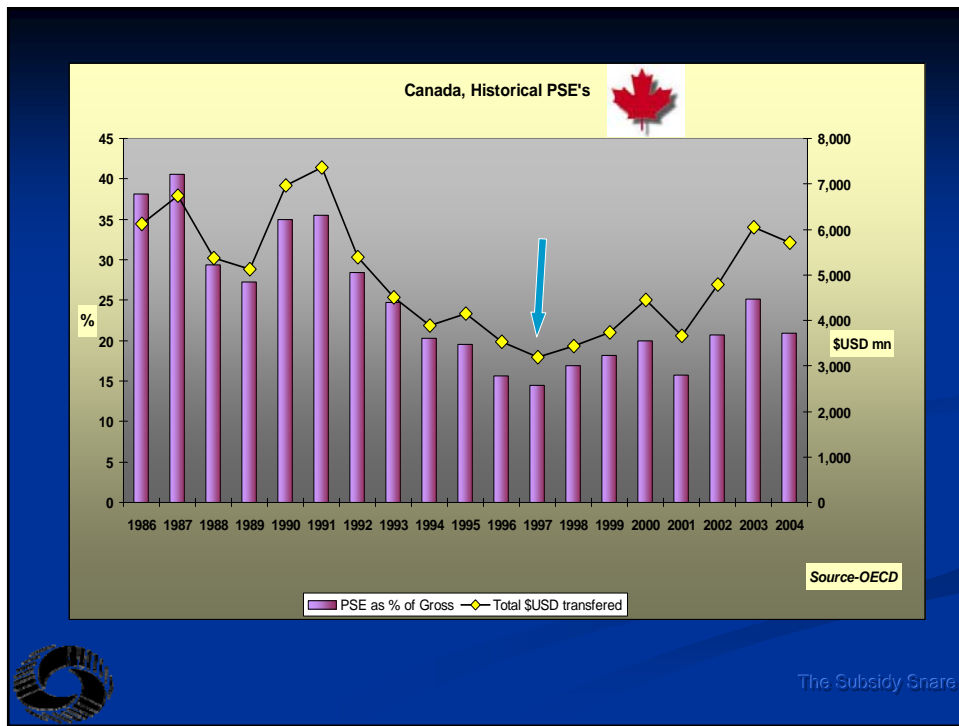
\$94.2 Billion -USD

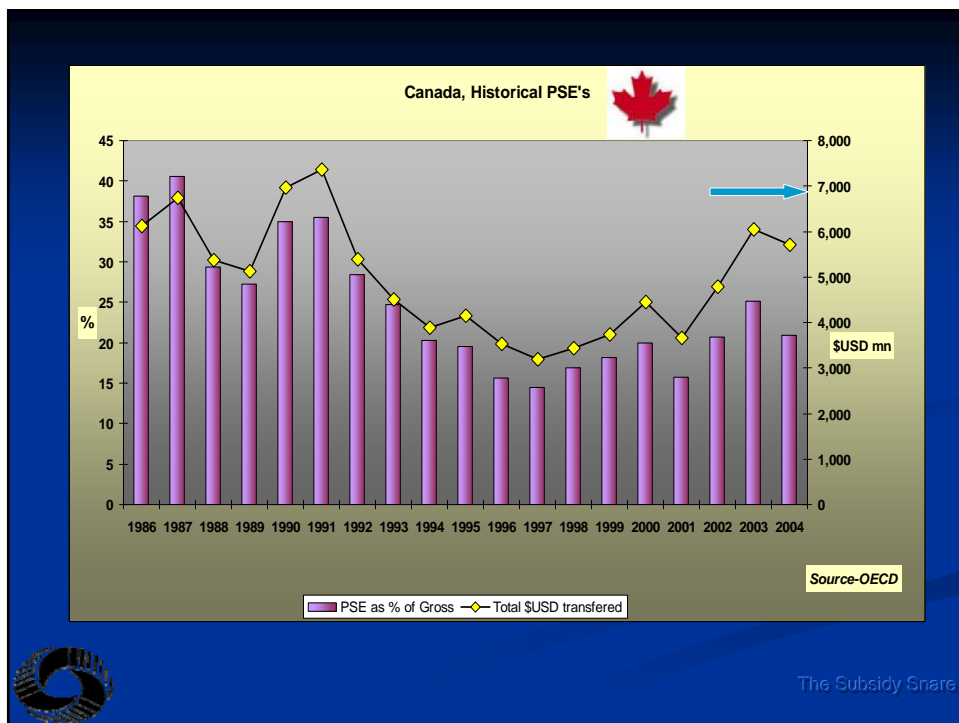
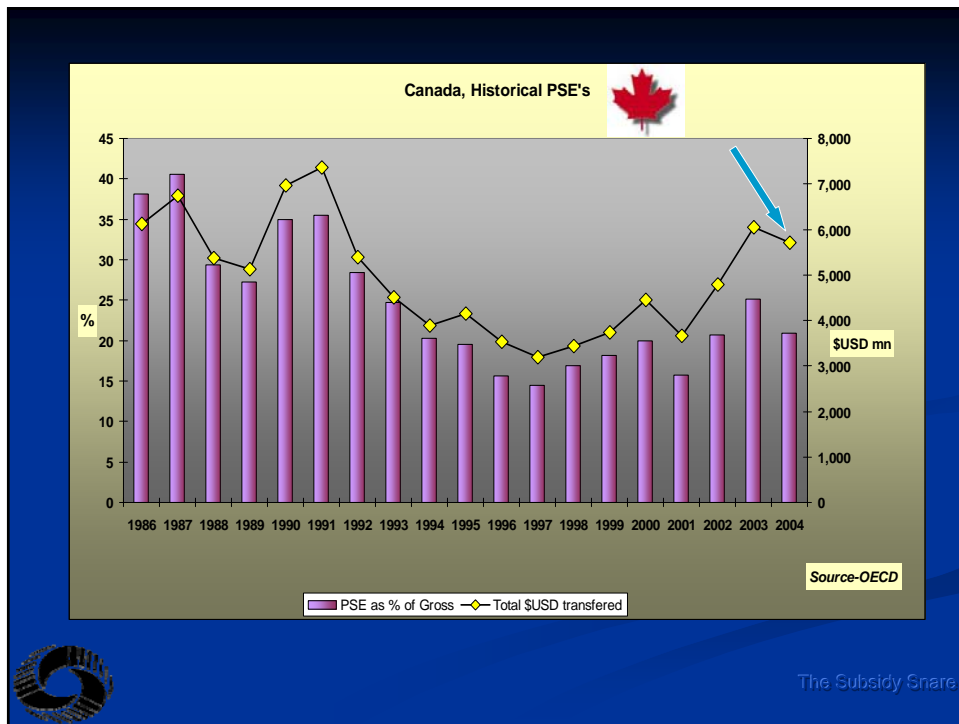


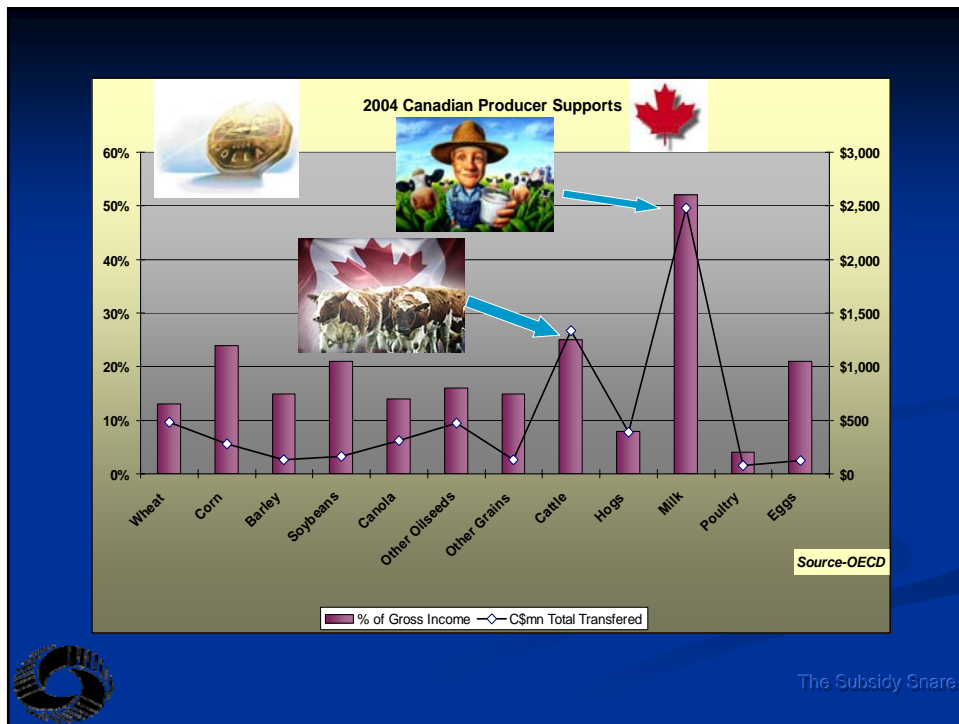
The Subsidy Snare



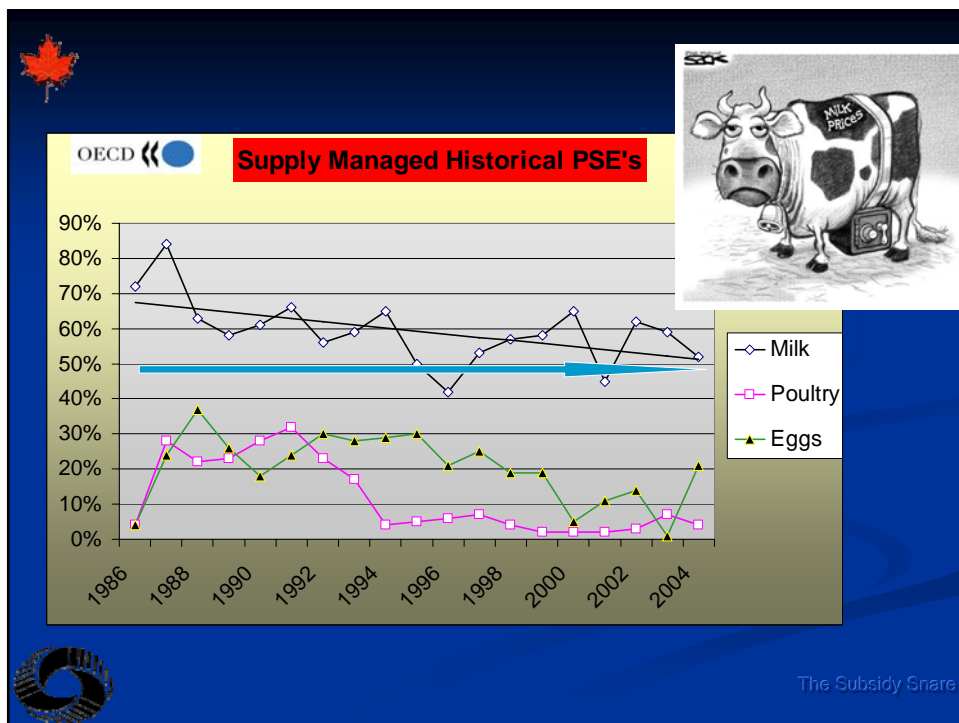
The Subsidy Snare



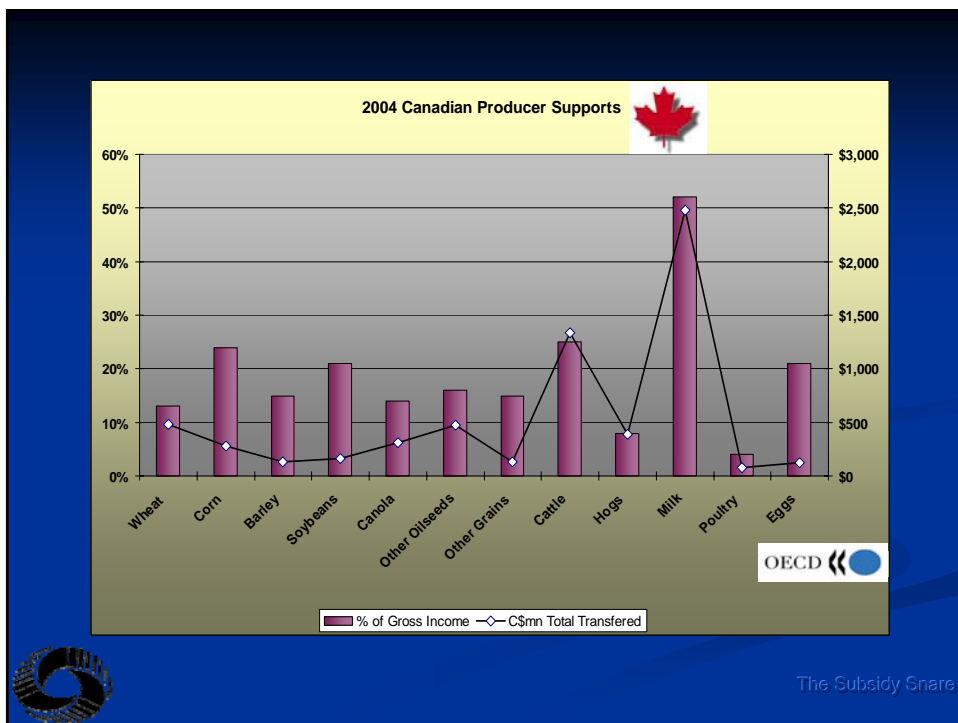
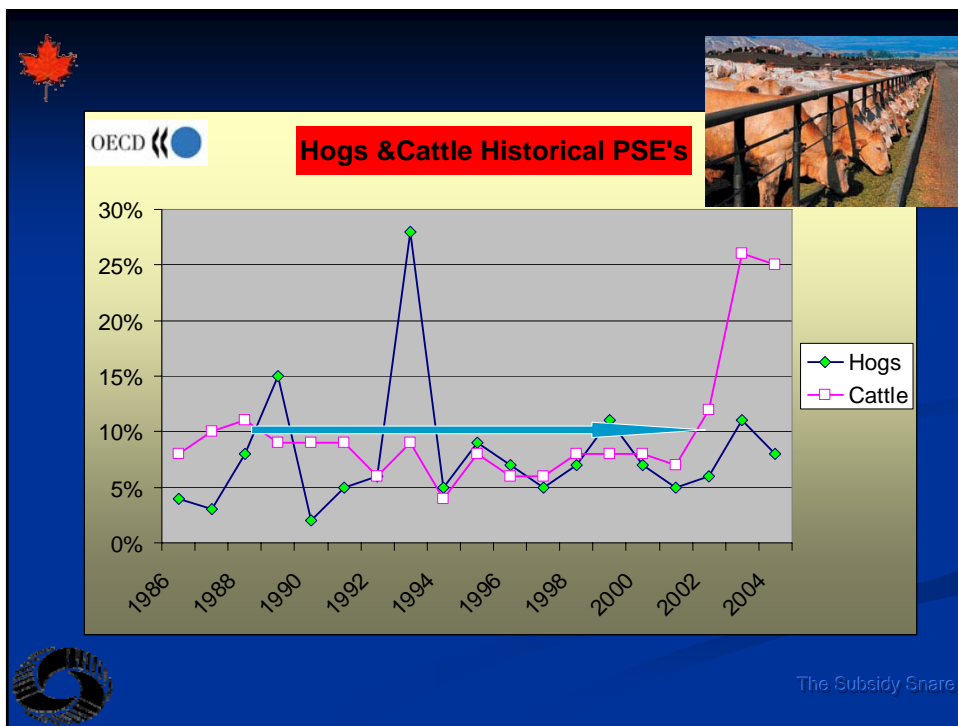


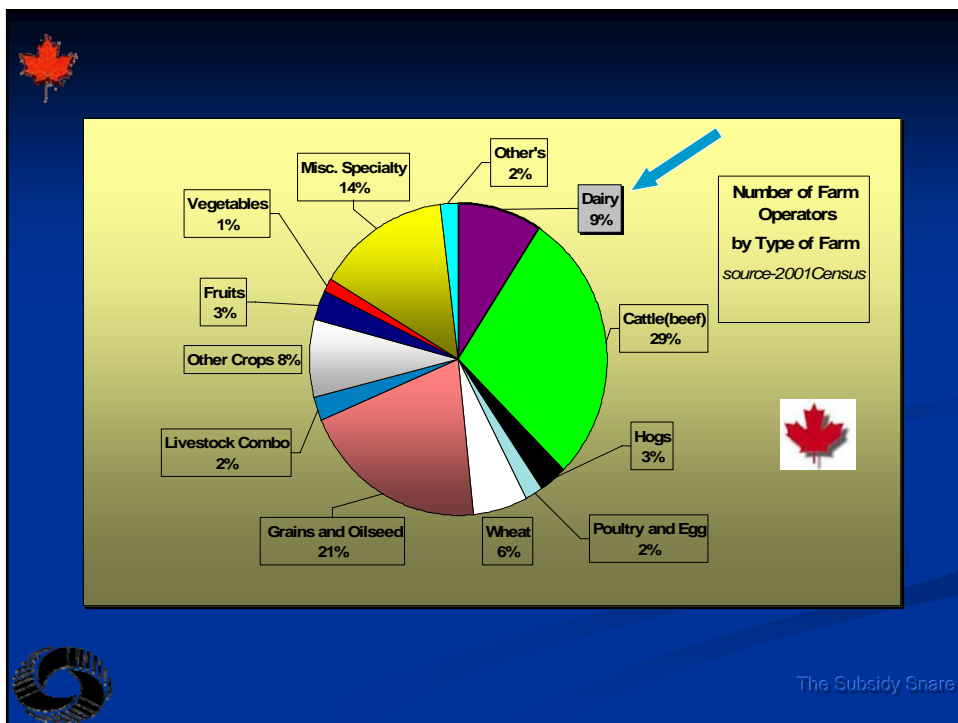
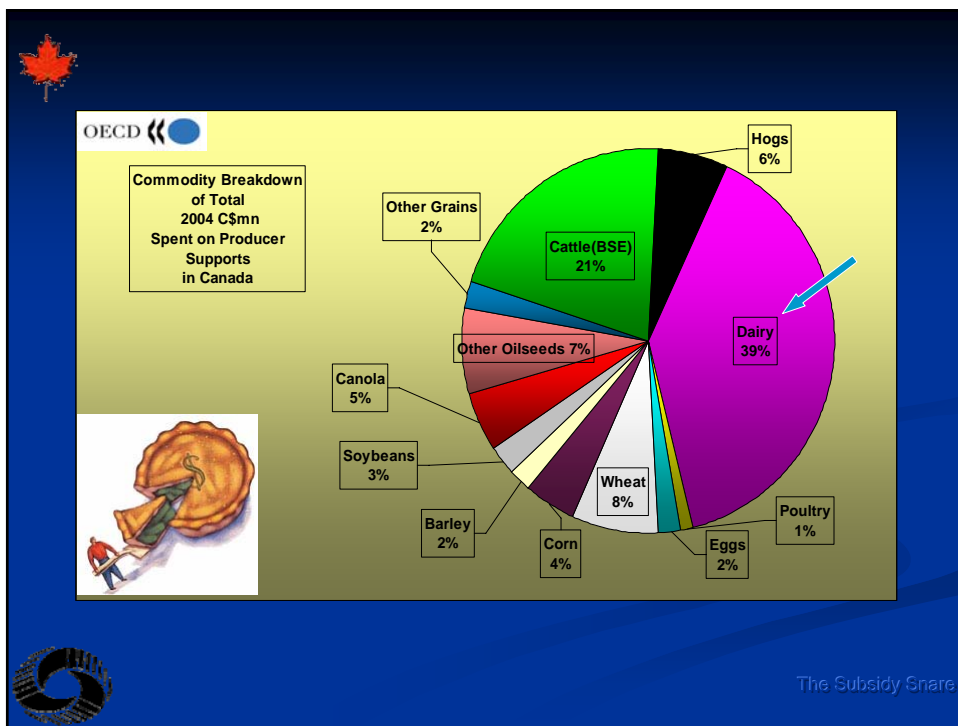


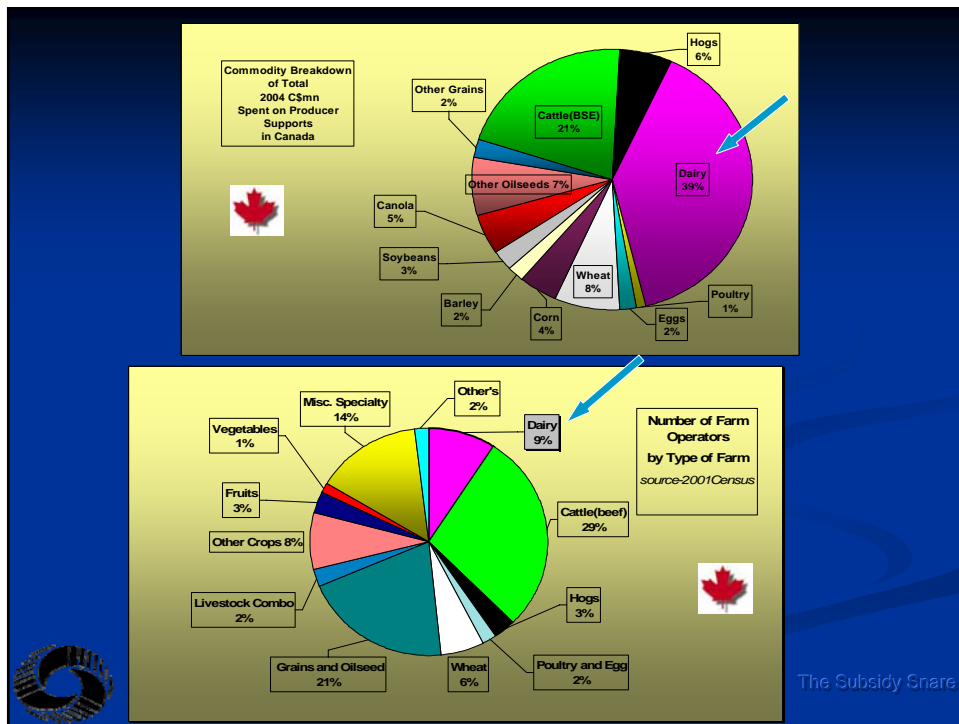
The Subsidy Snare




The Subsidy Snare










got milk?



The Subsidy Snare



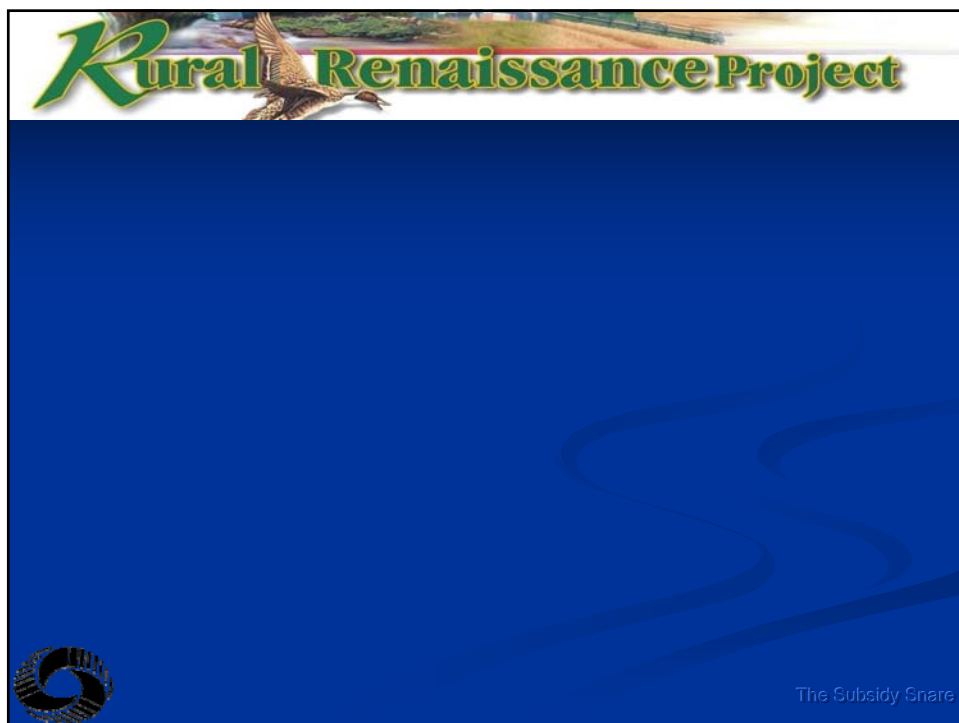
got milk?

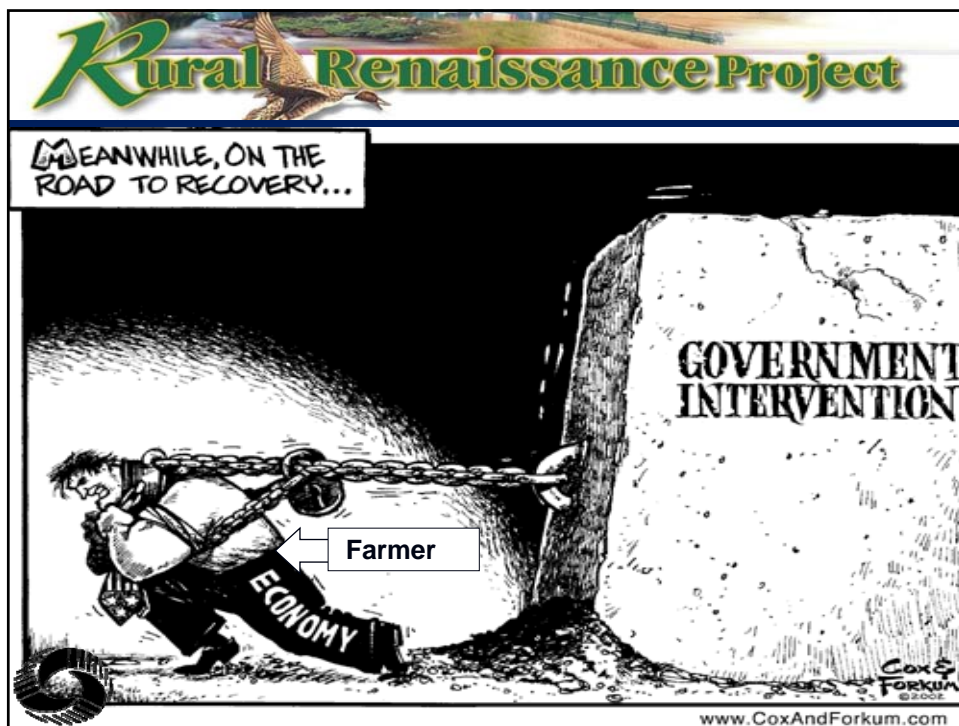


The Subsidy Snare



got tariffs?





Rural Renaissance Project

MEANWHILE, ON THE ROAD TO RECOVERY...

Elimination of all Supports

- Global yearly net benefit
- 245 billion- 2 trillion dollars
- Half to developing countries
- 70% accruing back to farmers

-Source Copenhagen Consensus

Canadian Benefit

- 50-60 billion dollars

- source George Morris Centre, DFAIT

Benefit to Cost ratio

- 20 or 30 to 1 for entire world
- 40 to 1 for developing world

- Source Copenhagen Consensus

ECONOMY

GOVERNMENT INTERVENTION

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