

Chicken Farmers of Canada

**Response to the Complaint of the Canadian Poultry and Egg
Processors Council (Chicken Primary Processing sector) made to the
Farm Products Council of Canada**

July 9, 2020

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Summary

1. Chicken Farmers of Canada (CFC) submits this response to the complaint by the Chicken Primary Processing sector of the Canadian Poultry and Egg Processors Council (CPEPC)¹ to the Farm Products Council of Canada respecting the quota allocation set by CFC for Period A-165.
2. As explained below, the CPEPC complaint (the Complaint) is without merit and should be summarily dismissed. The A-165 CFC allocation decision is solidly grounded in the available data and is designed to meet the needs of the domestic market for chicken in a balanced manner while taking into account the ongoing disruption caused by COVID-19. The decision was also approved by a triple majority vote of CFC Directors. CPEPC's Complaint fails to mention the exceptional nature of the adjusted allocations for Periods A-163 and A-164, which were never intended to set a precedent for a regional approach going forward. Given evolving market conditions, and the general rule in the Operating Agreement that any reduction in allocation relative to the base is to be *pro rata*, the national allocation for Period A-165 is appropriate in promoting a strong, efficient, and competitive market for chicken.

The Process and Events Leading to the A-165 Allocation

3. Before commenting on the Complaint arguments by CPEPC, some context is helpful concerning the process followed by CFC in arriving at allocations, as contemplated by the Operating Agreement, as well as related events arising from the COVID-19 crisis.²
4. The Period A-165 allocation is 8 weeks in length (August 30, 2020 to October 24, 2020), reflecting the production cycle of chicken raising and marketing. The various steps in the allocation process are carefully designed to allow key milestones to be completed, while arriving at an allocation decision as close to the production and marketing periods as possible. In respect of Period A-165, the setting of the allocation was delayed as much as possible, at the request of CPEPC,³ to allow for consideration of the latest information on the rapidly evolving market for chicken.
5. The process began with the setting of the Anticipated Growth Rate (AGR)⁴ for Period A-165 at the May 21, 2020 CFC meeting by videoconference, following the presentation of an extensive data package on market conditions by CFC staff.⁵ Additional data and analysis were provided in three phases, culminating in the allocation by CFC Directors on June 16, 2020.

¹ CPEPC Complaint Letter, June 22, 2020 [Complaint].

² Operating Agreement, amended in 2015 (excerpt) [Operating Agreement], Schedule B to 2001 Federal-Provincial Agreement for Chicken, **Tab A** to this response.

³ Letter from CPEPC Chicken Primary Processing sector to CFC, May 25, 2020, **Tab F**.

⁴ As provided in s. 3.05 of the Operating Agreement, **Tab A**, the AGR is set by triple-majority vote and establishes the upper regional range and provincial range, thus determining the maximum quota allocation that can be requested by a given region and province.

⁵ Allocation – CFC Market Information Presentation, May 21, 2020, **Tab E**.

First, industry organizations representing the processing, further processing and restaurant/food service sectors submitted their proposed allocations and rationale.⁶ Second, after consulting with their processors and other boards within their regions through a bottom-up process, provincial commodity boards submitted their estimates of market requirements and related rationale.⁷ Third, at the June 16, 2020 meeting by videoconference, CFC Staff provided and reviewed a comprehensive data package,⁸ which updated data provided at the May 21, 2020 meeting.

6. As set out in CFC's July 3, 2020 Rationale Letter, the circumstances relating to COVID-19 have evolved considerably since the beginning of the pandemic, such that the considerations for Period A-165 are very different than they were in the lead up to Periods A-163 and A-164.
7. At the beginning of the pandemic, the decline in the food services sector was dramatic, which necessitated a significant and unprecedented reduction in the allocation in Period A-163. The impact of that decline was also very different across the country, with greater loss of markets in the east and a significant but somewhat lower loss of demand in the west. Following difficult but collaborative discussions, Directors concluded that a *pro rata* reduction would not be reasonable or conducive to fulfillment of CFC's objects. Instead, on a one-off basis, Directors opted, on the basis of section 3.36 of the Operating Agreement,⁹ to reconsider the A-163 allocation and adopt a regional split in the allocation reduction. Directors later concluded that a more limited quota allocation reduction was required in the Period A-164 reconsideration, but once again concluded based on the market information at the time that a regional split in the reconsidered allocation reduction was most appropriate.
8. The market is now gradually recovering. Restaurant sales, while fragile, are increasing. The allocation decision for Period A-165 at 2% below base reflects that positive trend. More specifically, a normalization of dining room operations is expected in the coming months, with the gradual reopening of certain restaurant establishments under safety protocols, although there will of course continue to be challenges with consumer confidence in the

⁶ Allocation – A-165 Industry Recommendations, **Tab D**.

⁷ Allocation – A-165 Provincial Allocation Requests, **Tab C**; see also Explanatory Notes to Operating Agreement, para 2 (Interpretation of bottom up process), **Tab B**.

⁸ The data included: domestic allocations in recent periods; actual and projected production in Canada; quota utilization information; global imports (tariff rate quotas) by year and by week; fresh white meat supply compared to exports in previous periods; chicken storage stocks in recent years broken down by category type; chicken and fowl supply and disappearance (demand) data in recent months; wholesale chicken prices by week and year relative to the five-year range, and broken out by cut; Nielsen retail meat sales for chicken and other meats by month; per capita consumption of chicken and other meat proteins; producer live prices and feed costs in recent periods; chicken and other meat process relative to inflation in previous months; detailed US chicken and other meat market data; and feed price outlook data.

⁹ Section 3.36 is reproduced and discussed below at paras 11-12.

restaurant sector.¹⁰ Retail sales of all meats including chicken, on the other hand, have been above sales in the same weeks last year due to consumers shifting from eating in restaurants to home cooking.¹¹

The A-163 and A-164 adjusted allocations and the general rule under the Operating Agreement

9. It is important to emphasize that the general rule in section 3.29 of the Operating Agreement is that if the national allocation is set at or below the base for a period, it will be distributed amongst the provinces on the basis of provincial shares of the national base allocation for that period. Under this general rule, any reduction in national allocation is to be *pro rata*, based on market share.
10. The Operating Agreement does not contemplate setting allocation based on a regional approach. Indeed, CPEPC acknowledged this fact in its letter regarding Period A-165 and quota leasing dated June 4, 2020.¹²
11. Nevertheless, section 3.29 is not absolute. Section 3.36 of the Operating Agreement provides discretion to CFC Directors to avoid unreasonable results:

CFC will at all times retain discretion in the making of an allocation decision pursuant to this section. If the data and/or calculations yield a distribution result that is unreasonable, or not conducive to fulfilling CFC's statutory objects, CFC will retain discretion to diverge from the calculated results, particularly in a case of a *force majeure* event that causes the national allocation to increase or decrease extraordinarily.

12. Given the massive and unprecedented impacts of COVID-19 on the chicken industry during the early part of the pandemic, CFC decided to adjust the allocations for Periods A-163 and A-164 substantially downward. On a highly exceptional basis, based on s. 3.36, CFC approved an allocation based on a regional approach for both periods. However, during the meetings for setting the allocations for Periods A-163 and A-164, a number of CFC directors strongly expressed the need for a national approach rather than a regional approach, citing the

¹⁰ See e.g. Allocation – A-165 Industry Recommendations: Restaurants Canada Recommendation, **Tab D.3**; Allocation – A-165 Provincial Allocation Requests: Alberta Chicken Producers Request (under Demand Factors (Food Service)), **Tab C.2, pp 1-2**; Chicken Farmers of Saskatchewan Request, **Tab C.3, pp 1-2** (“restaurants and bars to open and resume dine-in service at 50% capacity”); Manitoba Chicken Producers Request, **Tab C.4, pp 1-2** (“Manitoba has implemented Phase 1 ... and Phase 2... of recovery (which includes opening of sit in restaurants to up to 50% capacity). Phase 3 is scheduled for June 21, 2020, and will include restaurants opening to 75% capacity.”); Éleveurs de volailles du Québec Request, **Tab C.6, p 2** (« En effet, les niveaux de consommation et l’approvisionnement des restaurants seront de retour à des niveaux plus près de la normale. »)

¹¹ See Allocation – CFC Market Information Presentation, May 21, 2020, % change – Retail meat sales, **Tab E, p 7**; Allocation – CFC Market Information Presentation, June 16, 2020, % change – Retail meat sales, **Tab G, p 8**.

¹² Letter from CPEPC Chicken Primary Processors to CFC re A-165 and Quota Leasing, June 4, 2020 [CPEPC June 4, 2020 Letter], Appendix 3 to Complaint. This document was not shared with CFC.

general rule under the Operating Agreement. All agreed that using the regional approach during the very unique circumstances of COVID-19 was in no way meant to set a precedent going forward as that would frustrate the purpose of the Operating Agreement.

13. Accordingly, CPEPC's statement that "all stakeholders recognized that a national allocation was not appropriate given current circumstances" for Periods A-163 and A-164¹³ is a mischaracterization of the decision process that led to the adjusted allocations for these periods. It is also not fair to those Directors who only went along with a regional approach with great reluctance in an effort to come up with a consensus in the midst of an unprecedented industry-wide crisis.
14. CFC disagrees with CPEPC's contention that "the CFC Board of Directors has not looked in detail at the possibility to set the allocation on a regional basis" for Period A-165.¹⁴ Given that all Directors understood the exceptional nature of the regional component of the adjusted allocations for Periods A-163 and A-164, there was insufficient interest for a regional approach to gain acceptance with Directors for Period A-165. As mentioned above, the market considerations at play for the A-165 Period are very different than those leading up to A-163 and A-164, such that an exceptional departure from the general rule under the Operating Agreement is no longer warranted.
15. Several related points are worth noting.
16. For one thing, no data have been provided to support CPEPC's arguments that "[o]n average, supplying the food service sector accounts for a greater share of processors' income in the East than in the West" and that this "explains why processors in the West were not impacted by the reduction in food service demand at the same level as processors in the East".¹⁵
17. Moreover, while CPEPC puts particular emphasis on differential demand in the restaurant sector to try to justify a regional approach, the Director representing Restaurants Canada voted in favour of the national allocation for Period A-165.
18. Significantly, Directors agreed on making provinces whole with a framework to recover kilograms later for Period A-163, and for Period A-164. Indeed, a motion was passed giving a mandate to the CFC Executive Committee to come up with options to offset the regional differences in Periods A-163 and A-164 in subsequent periods. Prior to setting the allocation for A-165, the Executive Committee informed CFC Directors that quota leasing was not an

¹³ Complaint, p. 1.

¹⁴ Complaint, p. 2.

¹⁵ Complaint, p. 2.

option,¹⁶ and indicated that a final proposal would be submitted at a later date. Directors have been informed that a recovery process for Periods A-163 and A-164 would be over a minimum of 12 periods, and only when allocation is set at a minimum of 1% above base.

19. Given that provinces will be made whole for the impacts of the regional approach used in Periods A-163 and A-164, continuing to use the regional approach would only create additional complications that would have to be accounted for later on. This would unduly distort the orderly marketing of chicken in Canada, a result that should be avoided at all costs.
20. CPEPC's proposed solution of quota leasing has been rejected by CFC Directors after the Executive Committee carefully considered this option and recommended against it. CPEPC also acknowledges that its own memo to provincial boards proposing quota leasing – which was not shared with CFC – “was not sufficient to convince all provinces that the quota leasing option was a valid option”.¹⁷
21. The general rule in the Operating Agreement reflects the fact that in making allocation decisions, CFC must take into account the whole picture of the chicken industry across Canada. CFC's statutory objectives are to promote a strong, efficient and competitive chicken production and marketing industry having due regard to the interests of producers and consumers. In fulfilling these objectives, CFC cannot favour one particular region over another, and indeed the intention to make eastern provinces whole demonstrates that in the long run, no one region will be favoured by the regional approach used for Periods A-163 and A-164.
22. Furthermore, the extraordinary and unprecedented situation arising from COVID-19 cannot be leveraged into longer term changes to the Operating Agreement. The exception cannot become the rule.

Wholesale prices

23. In its recommendation for Period A-165, CPEPC argued that “[w]holesale prices have increased since we reached lows in the midst of the COVID-19 crisis, but remain significantly lower than in previous years”.¹⁸ However, as pointed out in CFC's Rationale Letter, wholesale prices have not only partly recovered from the lows in the early weeks of the pandemic, but they in fact do fall within the range of the past several years, although they are still below previous years' levels for most cuts.¹⁹

¹⁶ One of the reasons for this conclusion is that the quota leasing option only covers chicken production; hatching eggs producers, feed suppliers, etc. would not be compensated for lost production.

¹⁷ Complaint, p. 2; see also CPEPC June 4, 2020 Letter, Appendix 3 to Complaint.

¹⁸ Allocation – A-165 Industry Recommendations: CPEPC Chicken Primary Processing sector Recommendation, **Tab D.1, p 2.**

¹⁹ See Allocation – CFC Market Information Presentation, June 16, 2020, Wholesale Prices, **Tab G, p 7.**

24. Furthermore, it must be underscored that, although CFC takes wholesale prices into account in its overall assessment of the market, CFC has no price-setting authority for live chicken, let alone for wholesale pricing of processed chicken.

Tariff-rate quota (TRQ)

25. CPEPC argues that TRQ utilization has been very slow in 2020, and adds that TRQ is mostly used in Eastern Canada. CFC notes that TRQ is allocated across Canada, and if TRQ holders sell their TRQ, this is their choice, and is an unpredictable factor that should not be considered by CFC when setting the allocation.
26. CPEPC also states that non-ICL processors are mainly located in Central Canada and additional imports would contribute to higher supply in the region. However, the location of such processors is not important, but rather their distribution, i.e. whether they sell across Canada.
27. CFC has proposed to Global Affairs Canada that there be a reduction in the TRQ under-utilization threshold from 90% to 70%. CFC notes that CPEPC has not indicated any support for this request, even though it would likely go a long way to addressing CPEPC's TRQ concerns.

Conclusion

28. For all of the above reasons, CFC requests that Council summarily dismiss CPEPC's complaint, and that it approve the total allocation for Period A-165 of 266,724,403 kg live weight.

SCHEDULE “B”

OPERATING AGREEMENT

1.00 Purpose and Objective

- 1.01** The purpose of this Schedule is to set out the fundamentals of the operation of the coordinated orderly marketing system for chicken.
- 1.02** The provisions of this Operating Agreement are to be carried out consistently with all applicable legislation and the Federal Provincial Agreement and any other Schedules attached thereto.
- 1.03** Chicken Farmers of Canada may adopt bylaws, resolutions, policies and guidelines to ensure the effective functioning of this Schedule provided that they are consistent with this Schedule, all applicable legislation and the Federal Provincial Agreement and any Schedules attached thereto.

2.00 Interpretation

2.01 For the purposes of this Agreement:

- (a) “AAFC” means Agriculture and Agri-Food Canada;
- (b) “audit period” means two consecutive periods, as established by CFC from time to time;
- (c) “base” is the reference point, not including market development quota, from which a province’s quota allocation and the national allocation for a period are determined;
- (d) “CFC” means Chicken Farmers of Canada;
- (e) “CFIA” means Canadian Food Inspection Agency;
- (f) “double majority vote” means a CFC vote having the support of more than 50 percent of the members representing more than 50 percent of chicken production market share, present for the vote;
- (g) “exceptional circumstances” refer to market, not production related, circumstances that cannot be met by normal market growth within the flexibility of the regional range and the provincial range, and that may necessitate an increase in the provincial range;
- (h) “federal quota” means the quantity of chicken expressed in live weight that a producer is entitled to market in interprovincial and export trade in a period, and is allotted to the producer by the Provincial Commodity Board on behalf of CFC;

- (s) “regional range” means the same percentage change from the base, not including market development quota, for each region for a period;
- (t) “special vote”, as referenced in this Operating Agreement, means a CFC vote having the support of all Provincial Commodity Board members present for the vote;
- (u) “triple majority vote” means a CFC vote having the support of more than 50 percent of the members representing more than 50 percent of chicken production market share and including 50 percent or more of the non-producer members, present for the vote.

3.00 Quota Allocation Procedures and Related Differential Growth Provisions

Quota Allocation Procedures

- 3.01** Quota allocation will be on a period by period basis.
- 3.02** For six (6) periods at a time, the CFC will establish the initial base for each province in each period based on the lesser of: (i) the quota allocation to the province, not including market development quota, for production and marketing in the equivalent weeks of the previous year, or (ii) the quota allotments by the Provincial Commodity Board to producers in the province, not including market development quota, for production and marketing in the equivalent weeks in the previous year.
- 3.03** Each Provincial Commodity Board will have an opportunity to make a request, supplemented by written rationale, to adjust the initial base allocation for one or more of the six (6) periods provided that the adjustments for any period do not exceed five (5) percent, which percentage may be adjusted from time to time by a special vote, and the total of the bases for the six periods does not change.
- 3.04** CFC will establish the bases for each province for the six periods having full regard to the adjustments, if any, requested by the Provincial Commodity Board pursuant to section 3.03.
- 3.05** Prior to each period, CFC, based on market information, will determine, by triple majority vote, on a national basis, the anticipated growth rate relative to the base allocation for that period, which will set the regional range and provincial range for that period as outlined in the table below.

Anticipated Growth Rate	Regional Range	Provincial Range
5%	6%	9.5%
4%	5%	8%
3%	4%	6.5%
2%	3%	5%
1%	2%	3.5%
0%	1%	2%
-1%	-0.5%	0%
-2%	-1.5%	-1%

3.06 The percentages in section 3.05 may be adjusted from time to time by special vote.

3.07 Where under section 3.05 CFC is unable to determine the anticipated growth rate for that period, the regional range will be as provided for in section 4.01 and the provincial range will be as provided for in section 4.06.

3.08 Once the regional range and the provincial range have been determined for the period, each Provincial Commodity Board agrees to make a written quota allocation request to CFC in the following manner:

- (a) in accordance with the procedures established pursuant to section 5.01, the Provincial Commodity Board will consult with its processors using a “bottom up” approach and, having regard to the market requirements proposed by those processors and the related differential growth provisions below, will arrive at the estimated national allocation needed to satisfy provincial market requirements prior to the submission of the quota allocation request for the period to CFC;
- (b) in accordance with the procedures established pursuant to section 5.02, Provincial Commodity Boards in each region shall consider discussing market conditions and estimated market requirements in the region prior to the submission of the quota allocation request by each Provincial Commodity Board to CFC; and
- (c) in submitting its quota allocation request to CFC for a period, each Provincial Commodity Board will provide to CFC the rationale for the request which will enable CFC to fulfill its obligations under the *Farm Products Agencies Act*, including those in section 23(2).

- (b) Provinces that have a supply share threshold of less than 90 percent will receive a share of the growth available under this component.
 - (c) The distribution will be calculated on each qualifying province’s base share of the total bases of all qualifying provinces.
 - (d) In periods in which both Ontario and Alberta qualify to receive a share of this component, their shares will be combined, and 70% of the combined share will be distributed to Alberta and 30% to Ontario.
 - (e) In periods in which no province qualifies to receive a share of this component, the kilograms will be distributed on the basis of the provincial shares of the national base allocation.
- 3.24** The data used in the calculation of the eight differential growth components will be updated on a regular and ongoing basis following Statistics Canada’s update and release schedule and CFC’s audit schedule.
- 3.25** For each allocation period, the data used to calculate the differential growth components will be limited to the latest data that is available at least 26 weeks in advance of the period for which the allocation is being set.
- 3.26** CFC will provide Provincial Commodity Boards and downstream stakeholder organizations that appoint CFC members with the data to be used for each period, prior to setting the Anticipated Growth Rate for the period in question.
- 3.27** Amendments to the methodology for calculating the differential growth components may be authorized by special vote.
- 3.28** Amendments to the weighting of components, or the addition or subtraction of components may be authorized by special vote.

Allocations at or below base

- 3.29** If the national allocation for a period is set at base or below base, the national allocation will be distributed amongst the provinces on the basis of provincial shares of the national base allocation for that period. It is understood that the provincial shares of the national base allocation will evolve over time based on the application of the differential growth formula set out above and the discrete supply to Ontario as set out below.

Discrete Supply Allocation to Ontario Commencing in Period A-127

- 3.30** In addition to the differential growth formula described above, allocations commencing in Period A-127 will include a discrete supply allocation to Ontario on a periodic basis under which Ontario will receive the compounded equivalent of 14,184,786 kgs over 66 periods.
- 3.31** The volume of the discrete supply allocation will take into account the compounding effect from previously allocated discrete supply volumes.
- 3.32** For Period A-127 the Ontario allocation will increase by 164,783 kgs, and for Periods A-128 to A-132, the Ontario allocation will increase by 200,000 kgs in each period.
- 3.33** The discrete supply to Ontario will not apply in periods where the national allocation is set at or below the national base, and the allocation will be distributed pursuant to section 3.29. Furthermore, if the distribution of the full discrete supply to Ontario reduces any province’s allocation to a domestic allocation below its base for the period, the discrete supply volume to Ontario will be adjusted to a volume that ensures that all provinces receive an allocation not less than their base allocation for that period.
- 3.34** After each block of six periods, CFC will recalculate the periodic amount to be distributed to Ontario necessary to deliver the compounded equivalent of 14,184,786 kgs at the end of 66 periods.
- 3.35** The discrete supply for Ontario will come from compounded equivalent growth reductions in allocations over 66 periods for the provinces other than Ontario and Alberta of: 4,645,018 kg for British Columbia, 2,447,375 kg for Saskatchewan and Manitoba combined, 4,645,018 kg for Québec, and 2,447,375 for New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador combined.
- (a) Provincial sharing of these growth reductions in Saskatchewan/Manitoba and the Atlantic provinces will be calculated on the basis of provincial shares of their combined base allocations for the period unless the provinces concerned agree on another method of calculation.
- (b) The discrete supply for Ontario for the period will be added to the allocation for Ontario and the growth for the other provinces will be reduced by an amount equivalent to their share of the discrete supply as calculated in section 3.35.

Discretion of CFC to avoid unreasonable results

- 3.36** CFC will at all times retain discretion in the making of an allocation decision pursuant to this section. If the data and/or calculations yield a distribution result that is unreasonable, or not conducive to fulfilling CFC’s statutory objects, CFC will retain discretion to diverge from the

calculated results, particularly in a case of a *force majeure* event that causes the national allocation to increase or decrease extraordinarily.

4.00 Adjustments to Quota Allocation

4.01 For provinces in a region the regional range shall allow for quota allocation changes of up to five (5) percent. An adjustment to the regional range, which is not temporary and which establishes a new regional range, requires a special vote.

4.02 Temporary changes to the regional range shall be automatically provided for if the quota allocation requests of provinces totalling sixty (60) percent or more of the total of the bases for all provinces are one (1) percent or less above each of their respective bases for that period and the immediately preceding period, the regional range will be two (2) percent and the provincial range three and a half (3.5) percent for that period.

4.03 A review of the regional range shall be provided for in the following circumstances:

- (a) quota allocation requests of two or more regions exceed the regional range;
- (b) such other market indicators as are determined from time to time by special vote; or
- (c) a CFC member requests a review of the regional range whether by reason of unacceptable producer prices or otherwise.

4.04 Other than pursuant to section 4.02, a temporary change to the regional range requires a triple majority vote and will apply for a maximum of one period, after which it automatically reverts to the previous regional range.

4.05 The percentages in section 4.02 may be adjusted from time to time by special vote.

4.06 For a province, the provincial range shall allow for quota allocation changes of up to eight (8) percent. An adjustment to the provincial range, which is not temporary and which establishes a new provincial range, requires a special vote.

4.07 Other than pursuant to section 4.08, a temporary change to the provincial range requires a triple majority vote and will apply for a maximum of one period, after which it automatically reverts to the previous provincial range.

4.08 A Provincial Commodity Board may request a quota allocation that exceeds the provincial range for one or more periods to accommodate exceptional circumstances. CFC shall establish the process for making an exceptional circumstance request and the criteria to be applied when considering such request.

EXPLANATORY NOTES

Relating to

Chicken Farmers of Canada's Operating Agreement

July 2011

Preamble

The purpose of this document is to provide explanation in respect of certain provisions in the Operating Agreement (Schedule B of the Federal Provincial Agreement (FPA for chicken)). This document is purely for explanatory purposes and does not add to or modify the Operating Agreement in any way.

The explanatory notes appear in the order in which the sections of the Operating Agreement the notes speak about appear.

Explanatory notes

1. Exceptional circumstance request – section 4.09

The combination of sections 4.08 and 4.09 makes it possible, where exceptional circumstances exist, to permit a province to request an allocation in excess of the provincial range for one or more periods. The effect of section 4.09 is that some or all of those additional kilograms could be accommodated within the existing range. The intent of section 4.09 is to ensure that provinces in the same region as the province with an approved exceptional circumstance request are not disadvantaged when calculating the region's compliance with the regional range that is in effect for the applicable period(s).

2. Interpretation of bottom up process – section 3.08(a) and (b)

As described in section 3.08(a), "a provincial commodity board will consult with its processors using a bottom up approach and, having regard to the market requirements proposed by those processors, will arrive at the estimated provincial market requirements prior to the submission of the quota allocation request for the period to CFC". There is an onus on the provincial board to consult with the processor(s) regarding the market requirements for the period, but it is the responsibility of the provincial board to determine the volume that is requested to CFC. Bottom up refers to the the national allocation being set as a result of the submission of requests by provincial boards as opposed to the previous top-down process whereby CFC determined the national allocation and divided it up amongst the provinces. Every provincial board has the flexibility to institute the consultation process with processors that satisfies its requirements.

3. Interpretation of section 3.09 around the wording "having regard to the quota allocation request made by the Provincial Commodity Board"

"Having regard to" in this section means that CFC cannot force the allocation number upon provincial boards because it would effectively change the allocation process back to a top-down process. This is the reason why a board member cannot make a motion to set an allocation at a certain number or percentage under or over base allocation when all the provincial boards have not submitted their volume requests at that number or percentage versus base because it effectively forces them to adjust their number. As a result, CFC Directors have implemented a straw poll exercise to determine if provincial boards are willing to submit specific volume requests.

4. Special votes – sections 3.06, 4.01, 4.03(b), 4.05 and 4.06

The special vote gives CFC and the provincial boards the authority to amend certain areas of the Operating Agreement without needing the support and approval from all of the FPA signatories. While

the original intent of the two-tiered FPA was to provide CFC and the provincial chicken boards with the authority to make changes to the OA, the final result is flexibility to change the percentages in sections 3.06, 4.01, 4.03(b), 4.05 and 4.06 without needing approval from the other FPA signatories. If CFC and the provincial chicken boards decide to make a change to the Operating Agreement by means of a special vote, a revised copy of the OA will be circulated to all signatories.

5. Quota allocation requests – section 4.02(b)

The quota allocation requests in this section refer to the initial request made by the provincial boards. If the initial allocation requests trigger an automatic temporary change to the regional range, CFC staff will advise the provincial boards whose requests exceed the new ranges and MRP to adjust their numbers to be in compliance before publishing the summary sheet. It is not the intent of the OA for this section to be used during the allocation setting process as a means to force other provincial boards to adjust their numbers downward.

6. Relationship of section 4.04 and 4.07 to section 3.05 (setting of the AGR)

The previous ranges in sections 4.04 and 4.07 refer to the default ranges in sections 4.01 and 4.06 respectively. So if the regional or provincial ranges are changed temporarily by triple majority vote under sections 4.04 and 4.07, the previous ranges they revert to are the default regional and provincial ranges in sections 4.01 and 4.06. Changes to these ranges with the setting of an AGR under section 3.05 are temporary and only apply for one period, after which they also revert to the default regional and provincial ranges in sections 4.01 and 4.06. The current default ranges are a 5% regional range and an 8% provincial range. As specified in sections 4.01 and 4.06, the default regional and provincial ranges may be changed by a special vote, at which time they set new default ranges.



Attention: Jan Rus, Chicken Farmers of Canada. Monday, June 15, 2020

RE: A-165 Allocation Recommendation

After consulting with our stakeholders in the BC broiler chicken industry, the British Columbia Chicken Marketing Board is recommending the following:

PERIOD A-165	
August 30, 2020	0.00%
October 24, 2020	
	KG evis
NEW FORMULA ADJUSTED BASE	26,550,900
0 % Over Base	-
TOTAL DOMESTIC MAINSTREAM RECOMMENDATION	26,550,900
Market Development	1,340,761
Specialty	878,906
TOTAL REQUEST	28,770,567

MARKET CONSIDERATIONS

- According to Nielsen MarketTrack data, sales of fresh chicken in BC exceed the rest of Canada both in terms of dollars and volumes compared to the same four week period in 2019 (April 26-May 23, 2020 versus April 28-May 25, 2019)

% Change Last 4 weeks ending May 23, 2020	BC	Canada
Sales Dollars (CDN \$)	+12.6%	+11.4%
Volume (KG)	+15%	+10.8%
Average Retail Price	-2.1%	+0.5%

- We recognize the challenges this pandemic has created for our national system. We are concerned that an allocation lower than our recommendation will result in missed opportunities for the chicken market in the west, and a corresponding shrinking of overall Canadian chicken market.

Sincerely,

Cheryl Davie

British Columbia Chicken Marketing Board

B:\Administration\CFC\A-165 and A-166\A165 allocation to CFC.docx

BRITISH COLUMBIA CHICKEN MARKETING BOARD



June 15, 2020

Chicken Farmers of Canada
350 Sparks Street, Suite 1007
Ottawa, ON K1R 7S8
VIA EMAIL

Dear Jan:

Based on consultation with Alberta's processors and assessment of market conditions, Alberta Chicken Producers is submitting the following volume requests for A-165 to meet the market demand for fresh chicken in Alberta:

Period A-165:

- 19,342,808 evis kg (26,273,849 live kg) for the domestic market, representing **Base +1.00%** for Alberta.
- 552,150 evis kg (750,000 live kg) for Market Development (represents 2.85% of our domestic request)

The following rationale supports our submission of Base +1.00%:

Demand Factors (Retail):

- In Canada, data shows volume growth is stable. Nationally, total chicken volume (4 weeks ending May 30 rolling average) is at an 11% increase compared to the same weeks last year. Nielsen stats no longer show much regional difference between the 4 week rolling average with the West at 11% and Central Canada at 13%; however, the regional difference still exists in Atlantic Canada with a 4 week rolling average volume growth of flat to last year. (See Appendix 1)
- Consumers continue to support alternative channels outside of Nielsen coverage such as farmer's markets, meal kit subscriptions, on-line orders, farm gate sales and, of course, Costco. For this reason, we believe Nielsen stats are likely on the conservative side. For perspective, Urner Barry forecasted a maximum growth of 15% for the US grocery sector in 2020.
- Costco reported an increase in 35 week sales ending April, 2020 of 5.1% in Canada. While Costco does not report grocery sales separately they did note limited service in travel, food courts, optical, hearing, photo and gas bars impacted sales negatively by approximately 12%.
- Retailers' pull-back on promotional investments remains a factor. Flyers have moved on-line only and the reduced number of pages have meant fewer items on ad. However, chicken, not beef, has been dominating ad space during this important grilling season.
- Kevin Grier notes in the May Chicken Market Report: *Chicken ad space has been generally more than normal in 2020 so far. Chicken is likely a strong merchandising choice for the second and third quarters.*

Demand Factors (Food Service):

- Kevin Grier notes in the May Chicken Market Report: *Chicken should benefit disproportionality from even modest increases in foodservice activity in the spring and summer.*
- Many unknowns still exist for the food service industry. Chris Elliott, Senior Economist at Restaurants Canada, estimated recovery to pre-Covid levels would likely not happen till late 2021 or even 2022. Recovery would be slow and tepid due to consumer caution and recessionary economic conditions. Chris Elliott gave three possible forecasts, two of which are the most likely: Scenario 2 forecasts a decline of 37.2% from pre-Covid sales levels of 77.4 Billion, and Scenario 3 forecasts a 48.4% decline. Urner Barry forecasted a similar scenario with a contraction in US food service sales of at least 40% in 2020.

- Consumers are still dependent on restaurant prepared food even though many consumers have more time at home and therefore more time to cook. Restaurant meal kits will also remain a popular item among consumers.
- Pace and shape of the recovery in food service will vary by region and sector (QSR/Full-Service), as reported by Asad Amin, Vice President of IPSOS. Phases of relaxed advisories will be in place by A-165 across Canada, the difference is some provinces will be moving into or will already be in Phase 3, while others will be still in Phase 2.

Supply Factors:

- Domestic storage stocks in May already show no increase from last month. This is a favourable sign as the dramatic production cuts that were made in A-163 & A-164 will not be seen until mid-June.
- TRQ's are well below pro-rata and will be a factor in A-165.
- CUSMA is ratified. Implementation start date is uncertain due to governments focus on Covid-19 priorities.

Macro-Economic Factors:

- Declines in household income will impact meat demand overall. When consumers earn less they spend less. Chicken is known by consumers as a value protein and is, therefore, better positioned during recessionary times.
- Conference Board of Canada (CBC) economists have revised forecasts for Canada's real GDP several times and are now predicting a contraction of 4.0% in 2020 rather than original forecasts of growth of 1.7% for 2020. The International Monetary Fund's (IMF) 2020 projections for Canada is -6.2%.
- The Canadian elasticity of demand study stated a 10% decline in income equals a 3.1% decline in chicken demand.
- In 2019 more Canadians traveled abroad in the fall than visitors arriving, resulting in a net outflow of almost 4 million people. Restrictions on travel should see more Canadians staying home this fall which will be positive for demand.

Without a doubt the Covid-19 pandemic crisis has altered consumer behaviour across many dimensions: category consumption, the channels of distribution, and consumer purchase frequency. There are many factors impacting demand during this unprecedented crisis, and we have a responsibility to navigate through this situation and meet our market requirements for fresh chicken.

Alberta remains optimistic that the trend to recover while slow and gradual will continue on an upward path in A-165 and beyond. We as an industry have shown great flexibility and responded adequately to this new normal marketplace.

Alberta Chicken Producers values its participation in the national system and is dedicated to establishing a responsible allocation. Based on these market indicators and economic conditions, we believe our allocation submission supports this responsibility.

Sincerely,



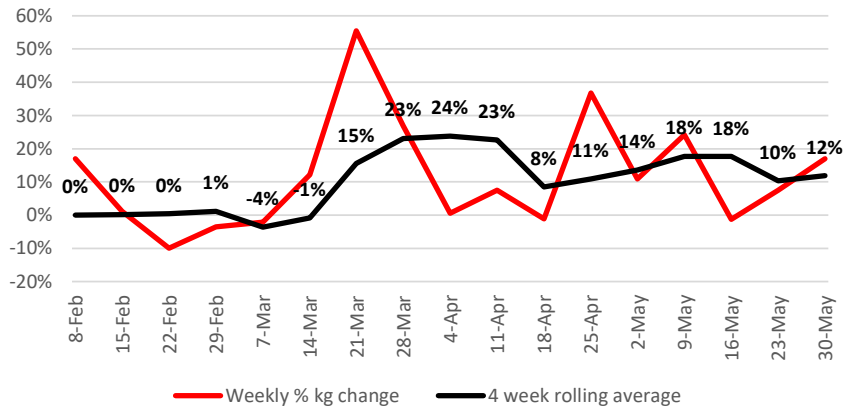
Karen Miller

Business & Market Analyst, Alberta Chicken Producers

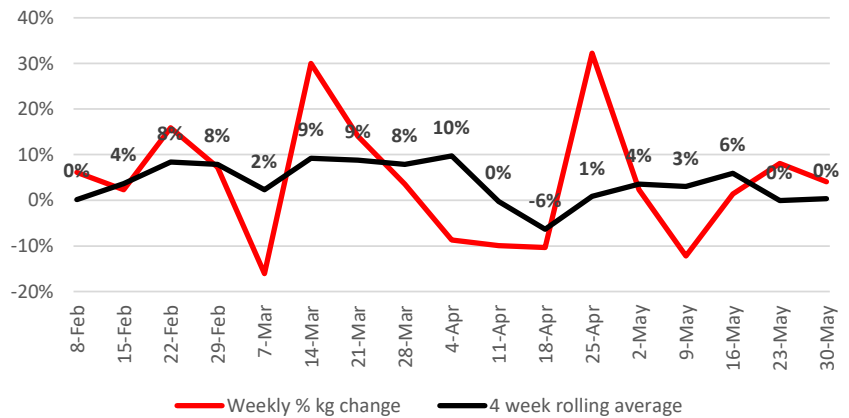
cc: ACP Board of Directors, Karen Kirkwood, Executive Director

ALBERTA APPENDIX 1

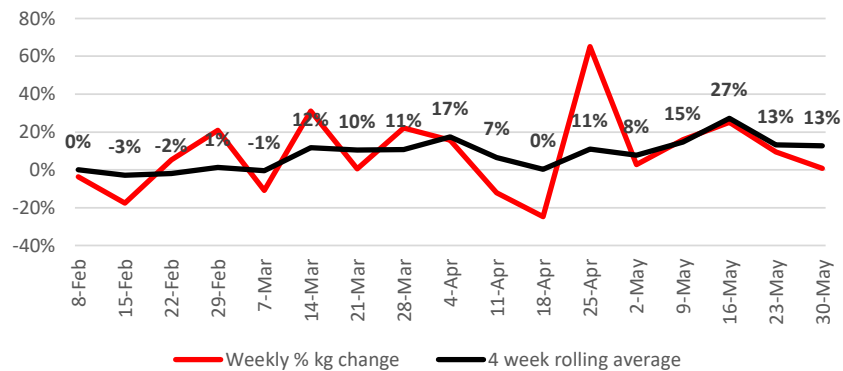
**Weekly Retail Chicken Volume % Change
West Region**



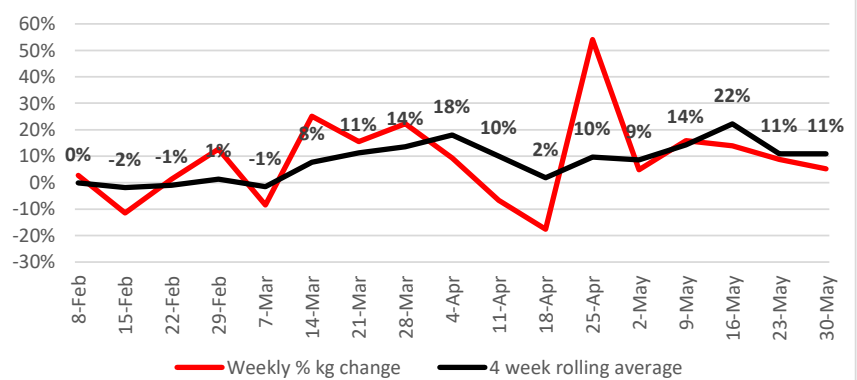
**Weekly Retail Chicken Volume % Change
Maritimes x NFLD**



**Weekly Retail Chicken Volume % Change
Central Canada**



**Weekly Retail Chicken Volume % Change
Canada x NFLD**





Attn: Jan Rus
Chicken Farmers of Canada
50 O'Connor Street, Suite 1610
Ottawa, ON, K1P 6L2

June 15, 2020

RE: A-165 Requirements for Saskatchewan

A-165

The CFS requirement for CFC period A-165:

- Domestic Allocation:
 - Base Allocation
 - 6,684,172 kilograms eviscerated (9,094,112 kgs live)
- Market Development
 - 11% of Saskatchewan production
 - 735,000 kilograms eviscerated (1,000,000 kgs live)

Rationale:

- The above submitted requirements for Chicken Farmer of Saskatchewan is a decision made by the CFS board of directors.
- CFS board supports a national allocation but considering a secondary option that if Central and Eastern Canada wish to do the lease agreement, regional allocation may be considered.
- Our processors have requested 11% of market development eligible for Saskatchewan.
- Both of Saskatchewan processing plants continue with cautious sanitary measure and remains to be operating business as usual and no issues with staffing.
- Impacts of Covid 19 in provinces throughout the country is different. Covid 19 active cases in Saskatchewan remains low, recoveries regularly exceed the number of new cases.
- In Saskatchewan, Phase 3 (June 8th, 2020): restaurants and bars to open and resume dine-in service at 50% capacity to limit the size and promote physical distancing. This is a decent indicator for food service industry to gradual but optimistic recovery, a good step



forward. Restaurants continue to promote delivery and take out through online advertisement and discount offering. Fast food continues to be busy.

- Retail continue to stabilize and cope with the pandemic situation, most retailers offer online grocery shopping for pick up and deliveries continue to be in demand.
- Purchasing behaviour is expected to change due to financial difficulties resulting for consumers to have less disposable income. Chicken's competitive price compared to other meats; especially beef is a good expectation that chicken will still be the preferred meat.
- Domestic storage stocks expected to decrease before the start of A-165 due to high demand of chicken in the current summer period where all the reduction occurred.
- Concern for TRQ below pro-rata currently and expect to take place by the 2nd half of 2020.
- CFS is leaning towards to sufficiently supply the market, ensuring fresh demand is supplied and optimistic with the recovery of the market condition.

A handwritten signature in black ink, appearing to read "Jenny Nolasco".

Jenny Nolasco
Production Manager, Chicken Farmers of Saskatchewan

CC: CFS Board of Directors
Graham Snell, Executive Director
Saskatchewan Processors: Sofina & Prairie Pride



June 12, 2020

Chicken Farmers of Canada
Suite 1007, 350 Sparks Street
Ottawa, ON
K1R 7S8
Attention: Jan Rus

Re: Period A-165 Volume Requirement for Manitoba

Dear Jan,

Manitoba Chicken Producers requirement for Period A-165 allocation is as follows;

A-165 (August 30, 2020 – October 24, 2020)

Manitoba is requesting;

- Base for Canada
- Utilizing the operating agreement, this will provide MB with 7,766,453 evis kg for domestic market
- 319,725 evis kg for MB market development, which represents 4.1% of domestic requirement

-
1. Manitoba Chicken Producers (MCP) consulted with our processors prior to making our requirement submission.
 2. MCP also reviews all market conditions in western Canada as a region as well as national market.
 3. MCP request includes kilogram requirements for federal and provincial processors, not all of which are members of CPEPC.
 4. MCP request is a decision by MCP, which considers many factors, including the input received from our processors.
 5. The market development initial requests of 319,725 kg eviscerated for period A-165 is approximately 4.1% of domestic volume request, which is consistent with long term requests.
 6. COVID-19 repercussions to the chicken industry are not consistent across the country. The impacts of COVID-19 are lessening significantly in Manitoba. Manitoba has implemented Phase 1 (May 4, 2020) and Phase 2 (June 1, 2020) of recovery (which includes opening of sit in restaurants to up to 50% capacity). Phase 3 is scheduled for June 21, 2020, and will include

*To advocate for the sustainability of our farmers so
that we can continue to provide a healthy, safe
and nutritious supply of chicken to our communities*

1357 Kenaston Blvd. Winnipeg MB R3P 2P2
TEL: 204-489-4603 | FAX: 204-488-1163
E-mail: chicken@chicken.mb.ca | www.manitobachicken.ca

restaurants opening to 75% capacity. Several other restrictions are also being lifted during this phased in approach to re-opening the economy.

7. There are Manitoba industry wide concerns that A163 allocations, as well as A164 allocations, are too conservative, and there is a very real likelihood that we will not be able to serve our customers. We are now witnessing shorting of orders from processors.
8. Storage stocks levels in western Canada continue to decrease. Storage stock levels in eastern Canada are now decreasing as well.
9. While we realize this can change in short order, there have been no processing issues with COVID-19 to date, and workforce absenteeism remains better than normal.

Regards,

A handwritten signature in black ink, appearing to read 'Wayne Hiltz', with a stylized flourish at the end.

Wayne Hiltz, P. Ag
Executive Director

June 15th, 2020

Chicken Farmers of Canada
350 Sparks Street, Suite 1007
Ottawa, ON K1R 7S8

Attention: Michael Laliberté

Dear Michael,

The COVID-19 pandemic and the economic shutdown have brought about temporary but significant changes to consumption patterns. The demand for chicken has been dynamic and fast changing as businesses and consumers have adapted and responded to the unfolding emergency measures.

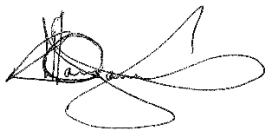
After an initial surge following the enactment of emergency measures in March 2020, the demand for chicken had weakened. Consumer demand now appears to have rebounded to a great extent, albeit at different rates for different product types and consumer channels.

CFO has examined current market conditions using available data; some data and charts are provided in the attachment to this letter. CFO has also consulted with our industry partners and industry experts and framed its recommendation on a public policy of “balanced best interest” upon weighing the various factors, perspectives and dynamics resulting from the pandemic.

CFO recommends that national allocations be set about 2% below the adjusted base for A-164. The volumes, in eviscerated kilograms, for Ontario and Canada at 2% below the adjusted base are:

	Ontario	Canada
A-165	64,596,426	188,169,105

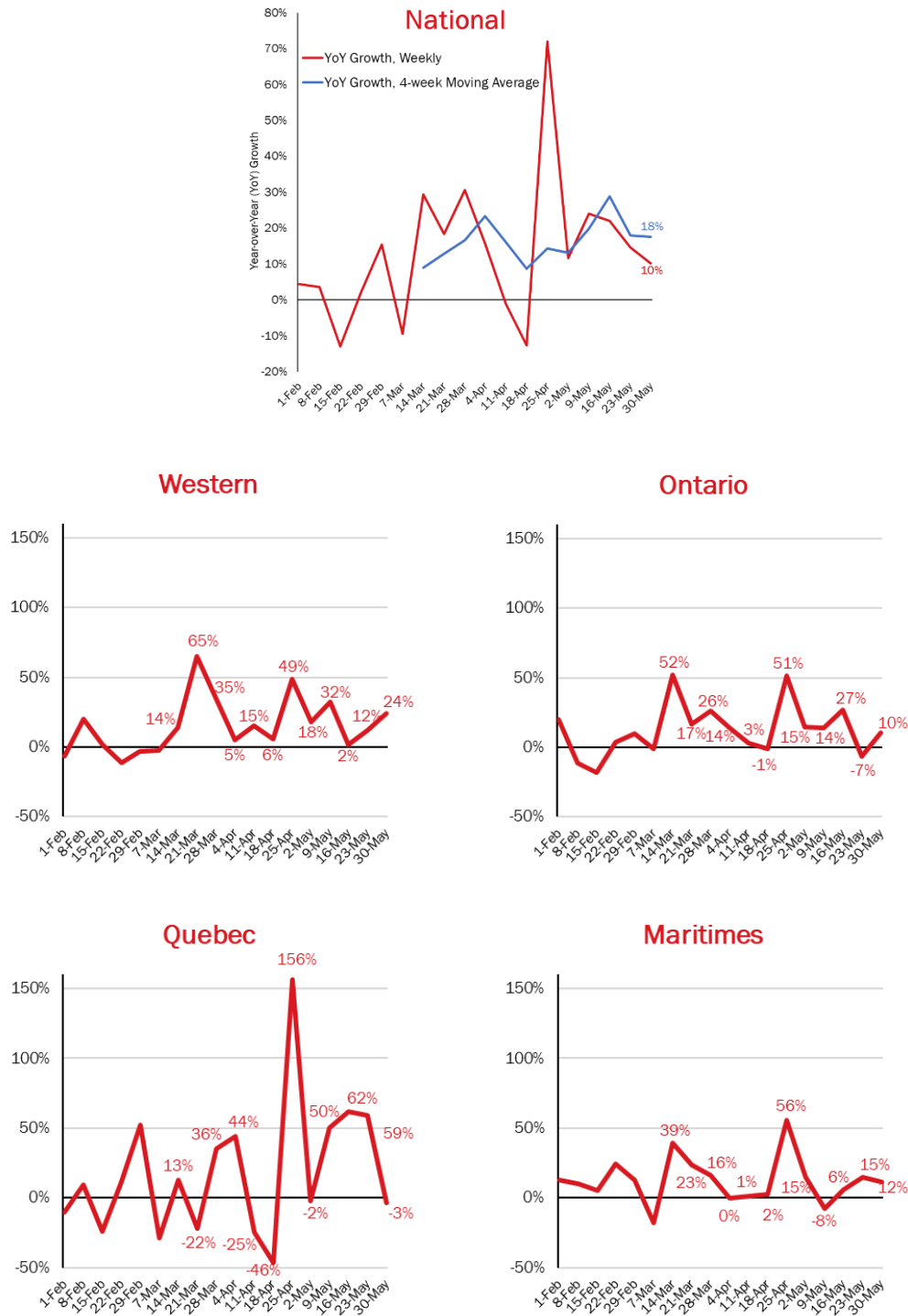
Yours truly,



Rob Dougans
President & CEO
c.c. Amy Cronin – Chair, Ontario Farm Products Marketing Commission

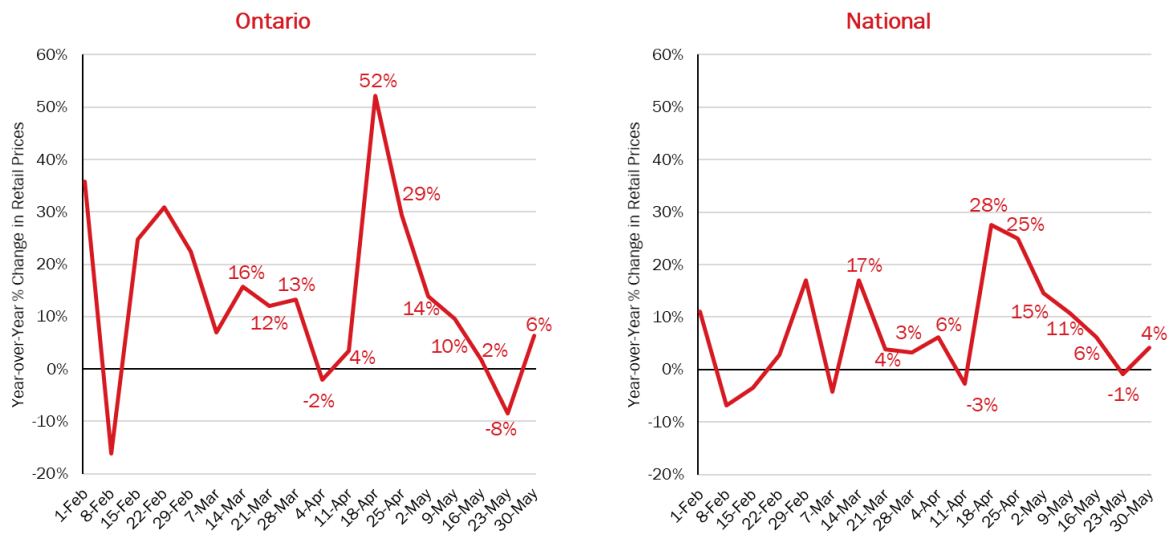
Appendix

Figure 1: Volume Growth of Fresh Chicken (Year-over-Year Percentage Change)



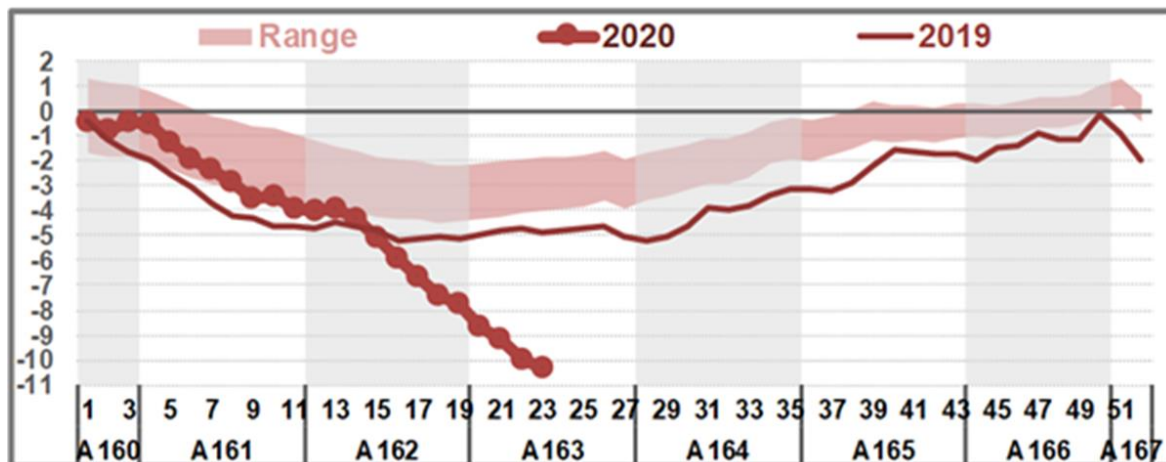
Source: Nielsen MarketTrack; NAT XNFLD GB +DR +MM; Product Share to FRESH MEAT;
Period Ending May 30, 2020

Figure 2: Price Growth of Fresh Chicken (Year-over-year Percentage Change)



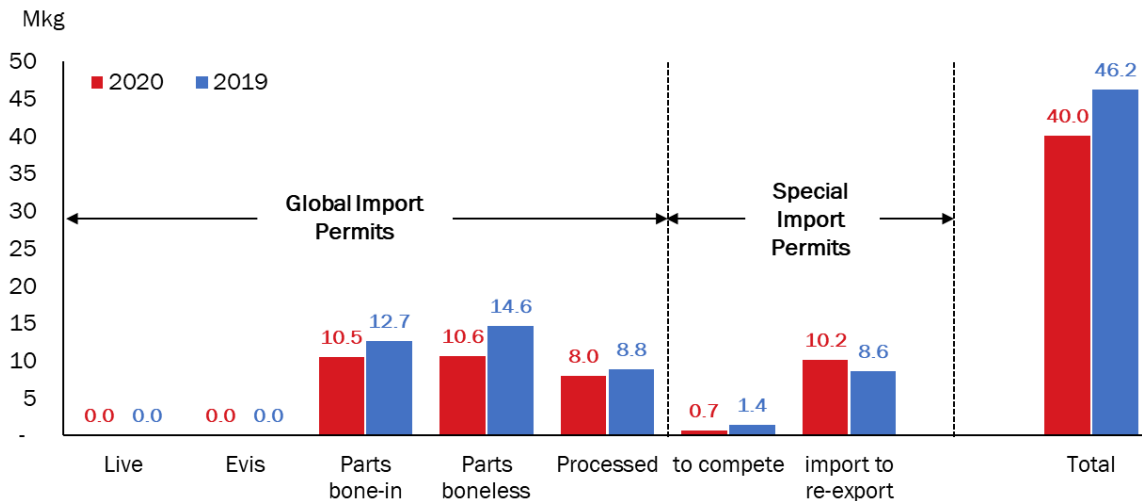
Source: Nielsen MarketTrack; NAT XNFLD GB +DR +MM; Product Share to FRESH MEAT; Period Ending May 30, 2020

Figure 3: TRQ Utilization



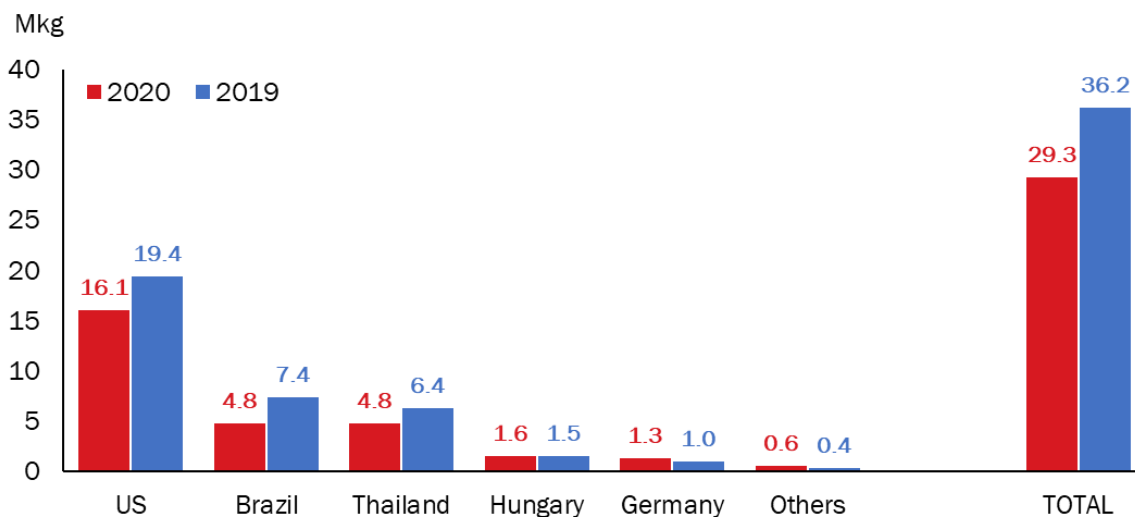
Source: GAC, CFC (as of June 6, 2020)

Figure 4: 2020 YTD Global Chicken Imports by Category vs. 2019



Source: GAC, CFC (as of June 6, 2020)

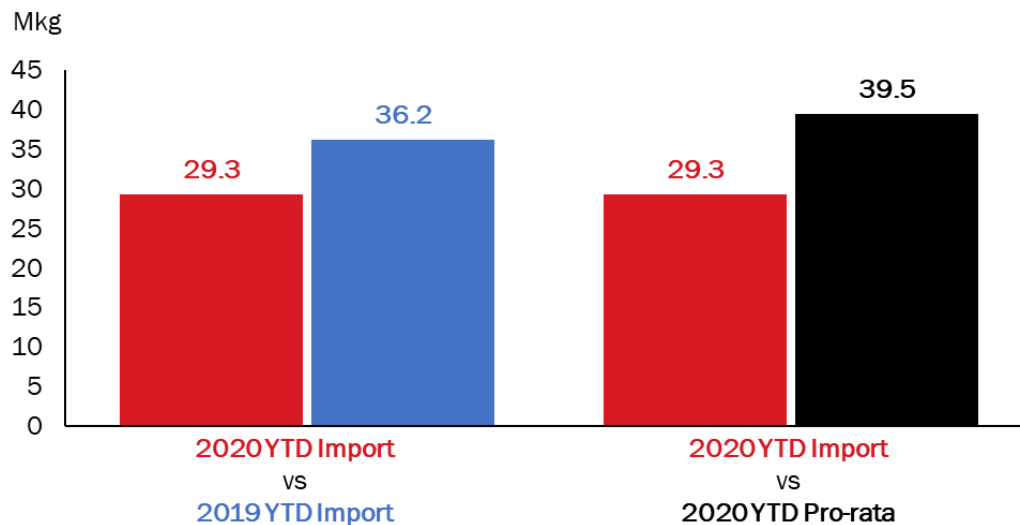
Figure 5: 2020 YTD Global Chicken Imports by Country of Origin vs. 2019



Source: GAC, CFC (as of June 6, 2020)

Figure 6: 2020 YTD Global Import Permits vs. 2019 (Left)

2020 YTD Global Import Permits vs. 2020 YTD Pro-rata (Right)



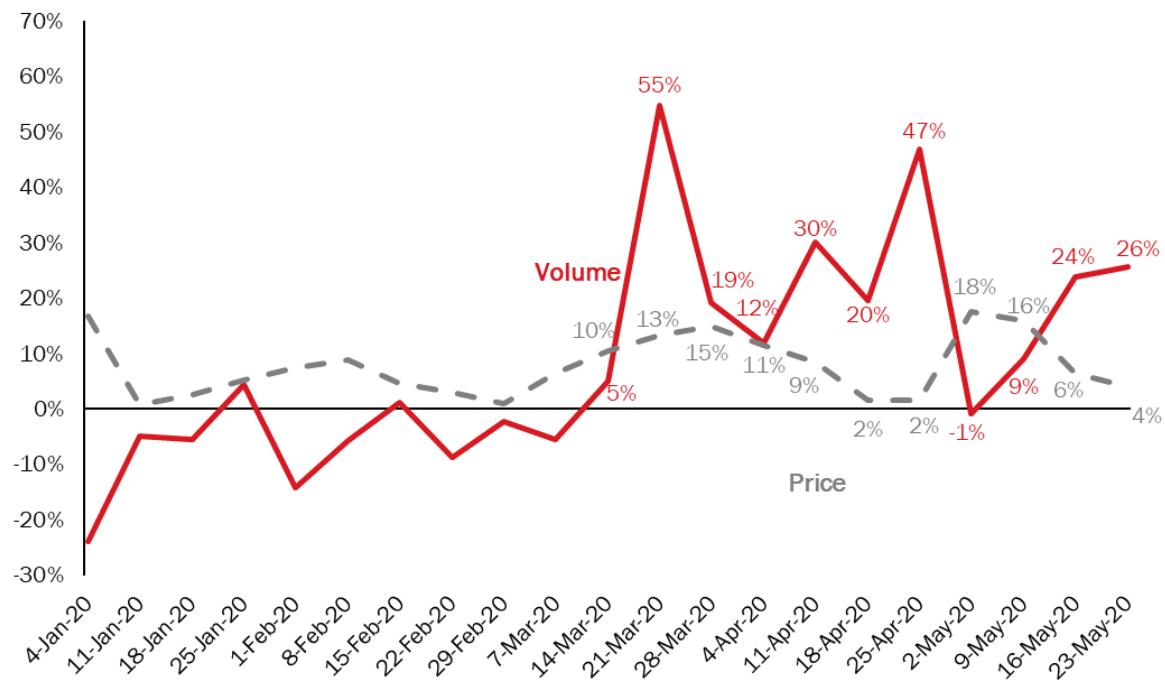
Source: GAC, CFC (as of June 6, 2020)

Figure 7: Retail-Fresh Beef Year-over-year % Change (Weekly)



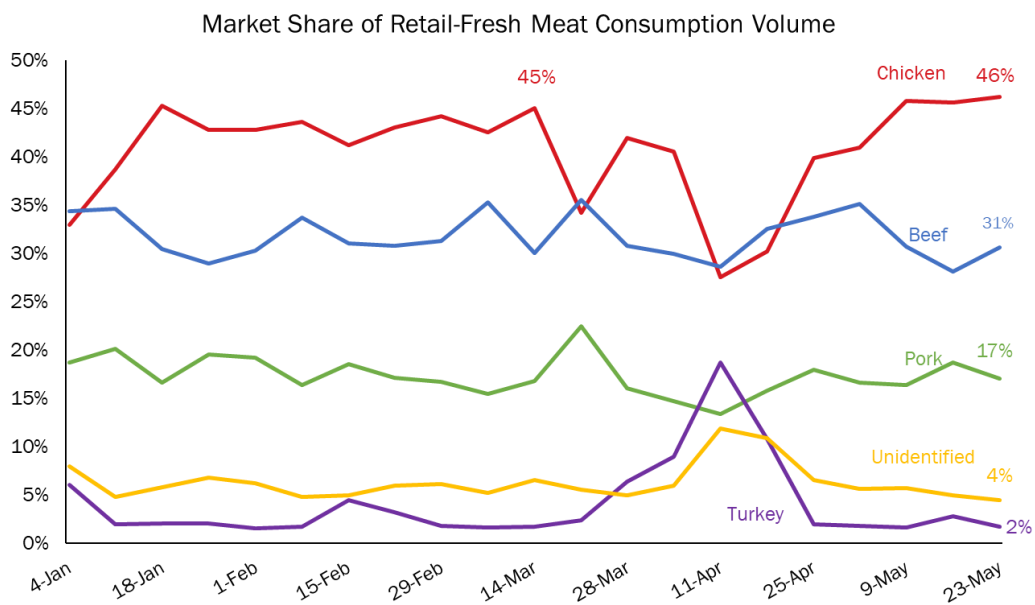
Source: Nielsen (52 weeks ending May 23, 2020), CFC

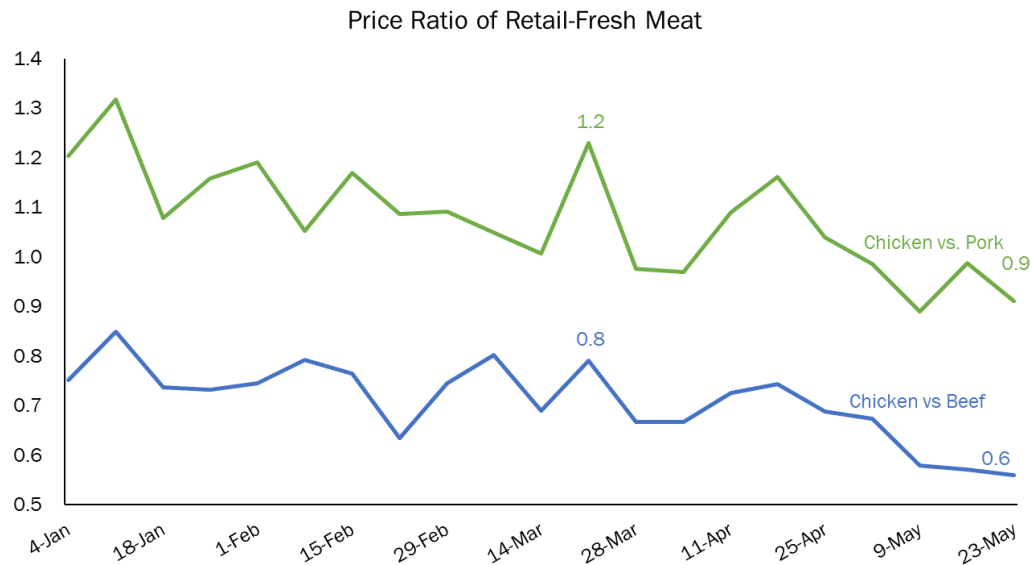
Figure 8: Retail-Fresh Pork Year-over-year % Change (Weekly)



Source: Nielsen (52 weeks ending May 23, 2020), CFC

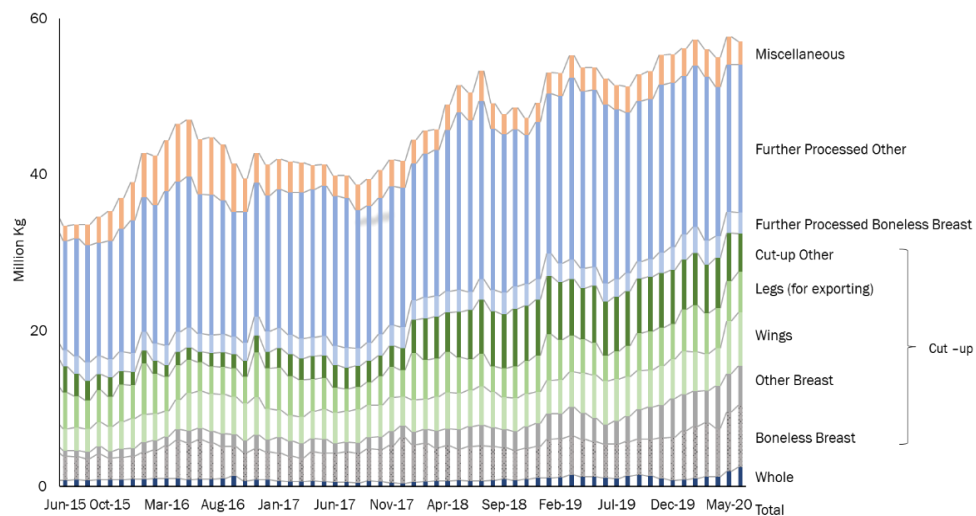
Figure 9: Market Share and Price Ratio of Meat Proteins at Retail-Fresh





Source: Nielsen (52 weeks ending May 23, 2020), CFC

Figure 10: Canadian Chicken Storage Stock



Source: AAFC, CFC (as of June 1, 2019), CFO Analysis

Le 15 juin 2020

Par courrier électronique :

mlaliberte@poulet.ca

Monsieur Michael Laliberté
Directeur général
Les Producteurs de poulet du Canada
350, rue Sparks, Suite 1007
Ottawa (Ontario) K1R 7S8

Objet : Allocation pour la période A-165

Monsieur,

Vous trouverez ci-après la recommandation des Éleveurs de volailles du Québec (EVQ) pour l'allocation nationale de la période A-165 qui s'étend du 30 août au 24 octobre 2020. Cette recommandation a été élaborée après consultation des représentants des transformateurs établis au Québec.

Pour les EVQ, il est probable que l'environnement d'affaires de la filière avicole risque d'être encore affecté par la pandémie de la COVID-19, mais à une ampleur beaucoup moindre que ce que nous avons connu au cours des périodes A-162 à A-164. C'est donc avec un optimisme prudent que les EVQ appuient une **allocation au niveau de la base ajustée canadienne**. Cela représente tout de même une diminution de près de 2,5 % sur la perspective de croissance naturelle du marché.

Par conséquent, le volume de production domestique requis par le Québec pour cette période se situe à **50 948 532 kg** éviscérés. Quant aux demandes de production pour le Programme d'expansion des marchés, celles-ci totalisent 2 851 031 kg éviscérés.

Voici les justifications soutenant notre demande :

- La baisse de la production approuvée pour la période A-164 entraînera un resserrement de l'offre et devrait permettre au marché de retrouver un certain équilibre.
- Le prix de gros est en bonne voie de revenir à des niveaux normaux, ce qui est de bon augure pour la rentabilité des transformateurs. Cependant, le secteur canadien du poulet doit agir avec prudence pour éviter que les prix de gros ne montent trop. Le poulet est une viande de

commodité prisée par les familles à faible revenu; nous ne devons pas perdre de vue ce positionnement dans le marché.

- Après des mois de mars et d'avril difficiles, le secteur de la restauration démontre une résilience remarquable. Le secteur de la rôtisserie au Québec est plus solide qu'avant la crise et les initiatives de services de livraison ou de préparation de repas pour emporter se multiplient.
- Le poulet est une viande rentable pour les détaillants et il le restera puisque les projections concernant les autres viandes laissent envisager des disponibilités moindres, autant pour le porc et la dinde que pour le bœuf, dont le prix a atteint des niveaux élevés en mai.

Au moment d'écrire ces lignes, le Québec rouvre son économie à grande vitesse grâce à la mise en place de mesures, dans les différents commerces, pour éviter une éventuelle contamination. La chaîne de distribution alimentaire et le secteur de la restauration sont également prêts à ouvrir et à affronter une éventuelle 2^e vague. Soulignons que le gouvernement québécois a déjà informé de sa volonté d'éviter le retour au confinement devant une telle éventualité. Il a donc lieu de croire qu'un niveau d'allocation égal à la base est justifié.

Les EVQ tiennent également à souligner qu'une partie du problème des inventaires élevés réside sans doute dans l'augmentation importante des importations de viande de poules de réforme. Il est questionnable, à notre avis, de constater que ces importations ont augmenté de 4,2 Mkg, ou 15 %, en deux ans pour les 5 premiers mois de l'année (janvier à mai 2018 par rapport à janvier à mai 2020). Il est d'autant plus questionnable que ce volume a augmenté alors que, selon les transformateurs, les entrepôts de poulets débordent et que les prix de vente sont dérisoires. Les PPC doivent s'en préoccuper et redemander au gouvernement canadien de resserrer son contrôle des importations qui pénalisent toute la filière avicole.

De plus, compte tenu de la coupure importante d'allocation pour les périodes A-163 et A-164, nous sommes d'avis que le surplus d'inventaire des transformateurs primaires canadiens seront rapidement résorbés avec la reprise de la consommation et de la restauration à travers le pays. Les Éleveurs n'appuient donc pas l'adoption de taux distincts d'allocation pour les provinces de l'Est et de l'Ouest, comme ce fut le cas pour les allocations des périodes A-163 et A-164. En effet, les niveaux de consommation et l'approvisionnement des restaurants seront de retour à des niveaux plus près de la normale. Il est donc juste de revenir, pour A-165, à l'application de la formule de l'entente opérationnelle qui tient compte du portrait habituel de la consommation, des types d'approvisionnement de marché entre les provinces et de la réalité canadienne des importations. Il n'y a donc pas lieu, malgré le retard dans l'entrée des importations sous contingents tarifaires, d'appliquer deux allocations distinctes puisque la reprise des activités permettra de résorber l'éventuelle entrée de ces volumes dans les provinces qui sont habituées de les voir entrer.

Il est important de rappeler en terminant que les Producteurs de poulet du Canada ont la responsabilité de s'assurer que la production domestique de poulet puisse répondre aux besoins de tous les consommateurs canadiens. La situation actuelle sort certainement de l'ordinaire, mais la filière avicole a tous les atouts pour profiter des opportunités qui peuvent se présenter et n'a pas de raison pour prêcher la plus grande prudence que d'autres denrées. Qui plus est, elle devrait être proactive et démontrer aux consommateurs la disponibilité du produit.

Espérant le tout à votre satisfaction, nous vous prions d'accepter, Monsieur, nos meilleures salutations.

La directrice générale,



Marie-Eve Tremblay

c.c. M. Jan Rus, directeur de l'information sur les marchés et systèmes, PPC (par courriel)
p.j. Formulaires d'engagement et besoins de production par abattoir, période A-165.

MET/rf

N/Réf. : S20044

Chicken Farmers
of NEW BRUNSWICK

les Eleveurs de poulet du
NOUVEAU-BRUNSWICK

277 Main Street
Fredericton, NB
E3A 1E1

Telephone: (506) 452-8085
Fax: (506) 451-2121
nbchicken@nb.aibn.com

MEMORANDUM

To: Jan Rus

From: Louis Martin

Date: June 15, 2020

**Re: New Brunswick's market
requirements for Period A-165.**

At the last meeting with our processors,
we have discussed the Canadian market
requirements for period A-165.

Our processors presented the CPEPC
numbers.

The live price will be negotiated before the
period.

The volume requested is 5,047,777
kg eviscerated for the domestic market
and 0 kg eviscerated from the Market
Development Policy.

August 30, 2020 to October 24, 2020.

Reason for the request:

- Supply fresh market.
- This is our initial number.

NOTE DE SERVICE

À: Jan Rus

De: Louis Martin

Date: Le 15 juin 2020

**Objet: Besoin de marché du
Nouveau-Brunswick pour la période
A-165.**

Lors de notre dernière réunion avec
nos transformateurs, nous avons
discuté le besoin du marché
canadien pour la période A-165.

Les chiffres du CCTOV ont été
présentés.

Le prix vivant sera discuté avant le
début de la période.

Le volume demandé est 5,047,777
kilos éviscérés pour le marché
domestique et 0 kilos éviscérés
provenant de la politique
d'expansion du marché.

30 août 2020 au 24 octobre 2020.

Raison pour la demande:

- Rencontrer la demande du marché
frais.
- Ceci représente notre chiffre initial.

Date: June 15, 2020

To: Jan Rus, Director of Market Information & Systems, CFC

Fr: Chris Bell, Executive Director, Chicken Farmers of Nova Scotia

RE: Market Requirements for A-165

Nova Scotia's market request for marketing period **A-165** is:

Domestic: 6,319,997 kilograms eviscerated
8,597,466 kilograms live

Market Development: 0 kilograms

This request represents **-3.0 % BELOW** our adjusted base for the period. In setting allocation requests, Chicken Farmers of Nova Scotia discusses the allocation with our Atlantic processors and with the other Atlantic Provinces. We look forward to further discussion at the CFC Board of Directors' meeting.

Sincerely,



Chris(tine) Bell, BJ, MBA
Executive Director
902-681-7403

From: [PEI Chicken Farmers](#)
To: [Jan Rus](#)
Cc: [Barry Uytterlinde](#)
Subject: ALLOCATION REQUEST A-165
Date: Monday, June 15, 2020 12:41:29 PM

After conferring with our processors and Atlantic colleagues, Chicken Farmers of PEI is requesting -3% for Period A-165.

Janet Hilliard-Murphy
General Manager

Chicken Farmers of Prince Edward Island

40052 West Royalty PO, Charlottetown, PEI C1E 0J2
info@peichicken.ca 902-218-1872 902-838-4108



TO: Jan Rus, CFC

FROM: Ron Walsh

DATE: June 15, 2020

RE: Marketing Period A-165 Allocation Request

Newfoundland and Labrador's request for marketing period A-165 (*August 30, 2020 – October 24, 2020*) is:

Domestic: 2,499,271 kilograms evis

Market Development: 0 kilograms

After discussions with the Atlantic Region representatives and after feedback from our processor CFNL is submitting an allocation request of -3% below our adjusted base for period A-165. We are willing to negotiate the appropriate national number.

Regards,

A handwritten signature in blue ink that reads "Ron Walsh".

Ron Walsh
Executive Director
Chicken Farmers of NL



Canadian Poultry and Egg Processors Council
Conseil canadien des transformateurs d'œufs et de volailles

[This letter is being sent on behalf of the Chicken Primary Processing sector of CPEPC]

Ottawa, June 12, 2020

Sent by email

Mr. Michael Laliberté
Chicken Farmers of Canada
350 Sparks Street, Suite 1007
Ottawa, Ontario K1R 7S8

Re: CPEPC Chicken Primary Processors Allocation Recommendation - A-165

Dear Michael,

The CPEPC Chicken Primary Processors are monitoring market conditions and the impact of the COVID-19 pandemic on Canada and the Chicken industry very closely. In discussing our recommendation for A-165, we looked at the chicken market last fall and what we expect for 2020 given the current context.

As it has been the case for A-163 and A-164, market conditions dictate that a regional approach be used again to set the allocation for A-165. There are several reasons to justify a regional-based approach for A-165:

- Decisions on re-opening the economy are made at the provincial level and at different paces. In the West, most restrictions are now lifted. In the East, restrictions remain in place in the Toronto and Montreal areas and may be lifted in the coming weeks and months. However, even with a new normal situation, the COVID-19 crisis will have long-term effects, particularly on the food service and tourism industries. This trend will disproportionately impact chicken processors in the East;
- Each processor has a specific mix of customers but on average, Eastern processors have a larger share of their business with food service customers. Considering the huge impact of the COVID-19 crisis on the food service industry, it explains why we expect demand to be different in the East and in the West;
- TRQ utilization in 2020 has been very low. At the beginning of June, TRQ utilization is more than 10 Mkg below pro-rata. This means that significant quantities will be imported in the coming weeks and during A-165. We all know that the TRQ is mostly imported in the East, and this will add to the supply in that region.

For these reasons, the CPEPC Chicken Primary Processors urge the CFC board to set the allocation for A-165 on a regional basis. A national allocation will not be acceptable to Eastern and Western processors. As we said from the beginning of the crisis, we recognize that this is not the perfect situation and the allocation should ideally be set on a national basis. However, we continue to face an extraordinary situation of significant market disruption. Our priority must therefore be to ensure we can collectively meet market demand throughout the country. The gap between the East and West remains too significant to be able to have a national allocation for A-165. Like everyone else, our preference is for a national allocation, and we hope to get back to the “normal” allocation setting methodology as soon as possible.

In terms of the allocation level, the CPEPC Chicken Primary Processors recommend an allocation 5% below base for Eastern and Central Canada and at base for Western Canada.

The rationale for these recommendations is:

- As a starting point, market conditions were difficult for primary processors last fall with an abundance of supply and quickly decreasing wholesale prices. That situation would need to be corrected even if we were facing normal market conditions;
- After significant allocation cutbacks for A-163 (11% below base) and A-164 (9.75% below base), we expect greater demand for A-165. As indicated above, the food service industry will continue to be impacted for a long period of time and we do not expect a return to pre-COVID-19 levels anytime soon;
- The economic situation is also going to be difficult for the foreseeable future. The unemployment rate has increased drastically and the return to the pre-COVID-19 levels will take a very long period of time. For many Canadians, family income will be lower than before March 2020. This will impact consumption throughout the economy, including the food sector;
- Wholesale prices have increased since we reached lows in the midst of the COVID-19 crisis, but remain significantly lower than in previous years. As of last week, the EMI market composite was 19 cents/kg lower than last year. For the first 4 weeks of A-163, the average EMI market composite is 30 cents/kg lower than last year. We are also very concerned that wholesale prices have not been stronger since the beginning of A-163, a period for which the allocation was set at 11% below base.
- Storage stocks have increased significantly in April. The June 1 stocks also indicate another increase for the whole bird (+0.5 Mkg or 24%) and cut-up breast (+0.6 Mkg or 4.5%) categories. After seeing an increase in April, we expected that - at the minimum - stocks would not increase in May. An increase of stocks in these two (2) categories is another sign that demand remains weak. These stocks will need to be used over the next few months and must be considered as being part of the supply;
- As of the beginning of June, only 29 Mkg of the 92 Mkg of TRQ have been utilized. This is more than 10 Mkg below pro-rata. For A-165, we expect close to 19 Mkg of TRQ to be utilized. In comparison, for A-163, after 4 weeks, only 4.4 Mkg of TRQ has been utilized and we expect a total of 10.4 Mkg for the entire period. As indicated above, the TRQ is mostly used by Eastern processors and this is one of the reasons why our recommendation for the East is lower than our recommendation for the West.

In conclusion, there is no doubt that the COVID-19 crisis has a significant impact on the Canadian chicken industry and that it will reduce demand for chicken products this fall. For processors, this impact remains significantly different in the East than in the West. For this reason, we strongly believe that a regional-based allocation is required for A-165.

Sincerely



Nicolas Paillat
Director, Chicken and Turkey Primary Processing Sectors

C.c.: CPEPC CPP Members
Jan Rus, CFC

A-165 White Meat Supply

	A-165
Base (Mkg)	192.0
Allocation vs base (%) - East	-5.0%
Allocation vs base (%) - West	0.0%
Domestic Allocation (Mkg)	185.4
Production Δ from LY (Mkg)	-6.9
Production Δ from LY (%)	-3.6%
Market Development (Mkg)	6.0
White Meat Supply from Domestic Allocation	
From Domestic Allocation (Mkg)	103.8
From MD Allocation (Mkg)	3.4
From Imports (TRQ - Mkg)	18.8
From Stocks (Mkg)	1.0
Total White Meat Supply (Mkg)	127.0
Change from last year (%)	0.1%
Change from last year (Mkg)	0.1



Canadian Poultry and Egg Processors Council
Conseil canadien des transformateurs d'oeufs et de volailles

June 12, 2020

Michael Laliberté
Chicken Farmers of Canada
350 Sparks St., Suite 1007
Ottawa, ON K1R 7S8

CPEPC Further Processing Sector Recommendation A165

Domestic Chicken Allocation for Canada at -3.0% below base for A165 (186.25 kt)

Rationale

1. The decision to delay the allocation of this period and to do one period at a time has proved to be the correct approach. The additional time has given stakeholders and the chicken market more feedback on the corrective steps already taken.
2. Wholesale price data has improved each of the last four weeks, indicating that current supply is less than current demand. The most recent storage stock report shows that the inflow has been stopped in May and a small net outflow was recorded. The key objective of stopping the inflow, therefore, has been achieved although roaster whole bird supply appears still to be in excess of demand.
3. The gradual re-opening of the economy has started in many provinces and information from other countries more advanced in recovery than Canada is also helpful.
4. Our members are reporting increased orders from the food service sector which are becoming difficult to service due to restrained live supply. Even heat-related live supply issues have come into play over the last two weeks.
5. A fast food favourite, the chicken tender, is becoming difficult to source in quantity because continued labour challenges make it more efficient to not remove the tender and sell it as part of boneless breast for which retail demand is good. \$9.00 per kg BSB prices are in play now and we expect this level to be breached in July and perhaps August as well.
6. Further processors that have capacity to use frozen inventory are doing so but expect this option to run out over the summer and the need to rebuild inventory starting in A165 is a concern.
7. To try and better estimate chicken requirements for A165, FPPAC has updated the retail and food service projections which is set out below.

Estimated COVID-19 Impact on Chicken Demand

	Normal Period		April/May		Jun/Jul/Aug		Sep/Oct	
	%	kt	%	kt	%	kt	%	kt
Retail	60%	120	up 12%	134	up 12%	134	up 11%	133
Food Service	40%	80	down 50%	40	down 40-35%	52	down 25%	61
Total Demand	100%	200		174		186		194
% Adjustment				-13%		-7%		-3%

There appears to be agreement among most stakeholders that the food service sector was down as much as 50% in April but since then has gradually and steadily been recovering as take-out and delivery options become more efficient. The additional summer patio business opportunity is similarly being pushed to increase business. Regulatory requirements for this type of business have been relaxed to help out. The table shows that if food service recovers back to above the 70% level by September and retail maintains an 11% increase, the -3% below base level is the appropriate target.

8. It is expected most of Canada will have a warm, sunny summer which will favour chicken consumption. Beef prices, especially ground beef, are relatively high, discouraging consumers at retail and food service to drop beef items in favour of chicken. Retail margins on chicken are relatively better which will help to move and feature chicken more often.
9. Although imports are well behind last year and pro rata, we expect above pro rata use over the summer. U.S. chicken processors are operating at 98% of capacity and are almost back to normal in terms of product offerings. Importers will be able to depend on U.S. chicken supply this summer.
10. Going into A165, therefore, our projection is about 4 kt more imports than last year and with all the uncertainty so far related to TRQ, this is a workable position going into the last quarter.
11. The safety valves of imports and storage stocks will be quickly reduced by the time A165 starts, therefore, we should ensure fresh demand is covered. FPPAC suggests -3% below base will achieve this outcome.
12. A regional approach continues to be warranted as the Western Region is closer to normal than the East. A -1% below base allocation to the West and something south of a -4% below base for the East could work as well although processors using the MDP could also assist on bringing about the right regional balance.
13. Our consumption model and white meat supply table illustrates the impact of the allocation on white meat supply and how A165 fits into this year's projected production.

In Canada, we are moving toward a 2.6% decline while in the U.S., a very small increase compared to last year is expected.

Yours truly,

A handwritten signature in black ink, appearing to be "R. J. [unclear]", written in a cursive style.

General Manager, FPPAC

Attach.

Chicken Worksheet for A165

White Meat Supply

FPPAC RECOMMENDATION FOR THE CANADIAN CHICKEN MARKET

CONSUMPTION MODEL

Production Period A-165 (August 30 to October 24, 2020)

(kt)

	Estimated Demand	Supply (prev yr)	Change	Adjusted Base	% Change vs Base
	kt	kt			
Adjusted Base vs Previous Year Domestic Production				192.01	-0.12%
Recommendation:					
Domestic Production vs Adjusted Base	186.25	192.23	-3.1%	192.01	-3.00%
Market Development Production	6.00	5.89	1.8%		
Specialty Production	1.60	1.50			
Total Chicken Production	193.85	199.62	-2.9%		
White Meat Supply (front)					
From Domestic Birds	104.30	107.65	-3.1%		
From Market Development Birds	3.36	3.30	1.8%		
From Global Imports	16.00	15.86	0.9%		
From Supplementary Imports	0.00	0.00	0.0%		
Inventory Adjustment (- =into ss)	0.00	0.00	0.0%		
Exports	0.00	0.00	0.0%		
Total White Meat	123.66	126.82	-2.5%		
Dark Meat Supply (back half)					
From Domestic Birds	81.95	84.58	-3.1%		
From Market Development Birds	2.64	2.59	1.8%		
To exports	6.00	5.89	1.8%		
Inventory Adjustment (other than leg quarters)	0.00	0.00	0.0%		
Total Dark Meat	78.59	81.28	-3.3%		
Total Canadian Chicken Supply					
Total Supply	203.85	209.60	-2.7%		
Additional Exports	1.50	1.50	0.0%		
Domestic Disappearance	202.35	208.10	-2.8%		
Ontario Live Price *	1.60	1.58	1.3%		
EMI Market Composite	360	359	0.3%		

Submitted June 12, 2020

Includes Labour Day, Thanksgiving

* Projected and does not include results of ongoing price negotiations

WTO CUSMA White Meat Supply Including Whole Birds

Includes new estimates for 2020

	Allocation	Production	Current Year			Supps	Total	WMS % Change	Price %	
			Fronts	Fowl*	Imports				BSB Price	vs Prev. Yr
2016	A-134 (Jan01 to Jan23/16)	68.96	68.84	38.55	1.34	4.97	44.86	5.1%		
	A-135 (Jan24 to Mar19/15)	174.50	175.04	98.02	4.89	11.43	114.34	7.0%		
	A-136 (Mar20 to May14/16)	178.37	177.95	99.65	5.71	9.50	114.86	4.8%		
	A-137 (May15 to Jul09/16)	179.33	177.04	99.14	4.52	14.28	117.93	5.2%		
	A-138 (Jul10 to Sep03/16)	177.72	175.82	98.46	2.31	14.03	114.81	1.1%		
	A-139 (Sep04 to Oct29/16)	174.79	175.58	98.33		13.52	111.84	0.2%		
	A-140 (Oct30 to Dec24/16)	174.81	176.19	98.67		14.48	113.15	3.9%		
	A-141 (Dec25 to Dec31/16)	22.01	21.93	12.28		0.55	12.83	0.6%		
	Total	1150.49	1148.39	643.10	18.77	82.76	744.62			
	2016 Average	176.0	176.2	98.7		12.7	114.2	3.7%	\$ 7.78	0.1%
2017	A-141 (Jan01 to Feb18/17)	154.04	153.51	85.97		13.43	99.40	0.6%		
	A-142 (Feb19 to Apr15/17)	183.14	179.36	100.44		14.16	114.60	0.6%		
	A-143 (Apr16 to Jun10/17)	188.39	187.38	104.93		12.51	117.44	1.0%		
	A-144 (Jun11 to Aug05/17)	187.49	184.70	103.43		16.04	120.73	2.8%		
	A-145 (Aug06 to Sep30/17)	188.42	187.96	105.26		11.12	120.02	7.4%		
	A-146 (Oct01 to Nov25/17)	188.82	189.37	106.05		11.70	118.36	4.2%		
	A-147 (Nov26 to Dec31/17)	112.08	113.35	63.07		6.01	69.08	3.6%		
	Total	1202.37	1195.64	669.15		84.96	759.62			
	2017 Average	184.5		102.7		13.9	116.5	2.0%	\$ 8.75	12.4%
2018	A-147 (Jan01 to Jan20/18)	65.93	69.50	37.10		4.05	41.15	3.6%		
	A-148 (Jan21 to Mar17/18)	188.13	191.42	106.52		11.45	117.97	2.2%		
	A-149 (Mar18 to May12/18)	192.50	194.78	108.41		14.74	123.15	6.7%		
	A-150 (May13 to Jul07/18)	194.28	193.08	107.45		15.20	122.65	4.3%		
	A-151 (Jul08 to Sep01/18)	199.58	197.18	109.70		15.39	125.08	2.8%		
	A-152 (Sep02 to Oct27/18)	194.33	195.89	109.02		13.58	122.60	3.7%		
	A-153 (Oct28 to Dec22/18)	196.96	202.67	113.49		13.36	126.85	4.5%		
	A-154 (Dec23 to Dec31/18)	20.00	20.90	17.07		1.82	18.89	1.8%		
	Total	1251.71	1265.42	708.76		89.59	798.35			
	2018 Average	192.0	194.1	108.7		13.7	122.5	5.1%	\$ 8.18	-6.5%
2019	A-154 (Jan01 to Feb17/19)	167.6	168.8	89.1		8.5	97.6	1.8%		
	A-155 (Feb17 to Apr13/19)	192.7	196.0	109.1		13.3	122.4	4.1%		
	A-156 (Apr14 to Jun08/19)	200.3	200.5	111.5		14.3	125.9	-0.6%		
	A-157 (Jun09 to Aug03/19)	201.8	200.3	111.4		15.5	126.9	3.5%		
	A-158 (Aug04 to Sep28/19)	200.3	200.0	111.2		16.3	127.5	3.3%		
	A-159 (Sep29 to Nov23/19)	200.5	203.3	113.0		15.5	128.5	4.7%		
	A-160 (Nov24 to Dec31/19)	132.0	127.9	73.9		8.0	84.1	4.9%		
	Total	1295.2	1296.7	719.29		91.4	812.93			
	2019 Average	198.7	2.5%	110.4		14.0	124.7	1.8%	\$ 7.93	-3.1%
2020	A-160 (Jan01 to Jan18/20)	61.6	61.6	34.5		4.1	38.6	4.9%		
	A-161 (Jan19 to Mar14/20)*	199.9	202.7	112.5		10.5	123.0	0.6%		
	A-162 (Mar15 to May09/20)	204.6	203.4	113.0		10.2	123.2	-0.5%		
	A-163 (May10 to Jul04/20)	183.8		102.1		13.0	115.1	-8.6%		
	A-164 (Jul05 to Aug29/20)	184.6		102.5		16.0	118.5	-8.0%		
	A-165 (Aug30 to Oct24/20)	193.9		107.5		15.0	122.5	-2.6%		
	A-166 (Oct25 to Dec19/20)	196.0		108.8		16.0	124.8	-1.7%		
	A-167 (Dec20 to Dec31/20)	38.7		26.8		5.3	32.1	13.0%		
	Total (incl. Actual)	1263.0	1264.6	707.63		90.1	797.69			
	2020 Average	193.2	-2.6%	108.3		13.8	122.1	-1.9%	\$ 8.17	3.0%
Yellow Fields = Estimates Based on Allocations										

Notes: Calculations made with 74% of production, as we estimate the remaining 26% is marketed as whole birds and we subtract specialty birds.

June 9, 2020

2020 TRQ by period assumes no CPTPP, CUSMA ratified by July 1.

June 15, 2020

VIA E-MAIL

Mr. Michael Laliberté
Executive Director
Chicken Farmers of Canada
Delta Office Towers, 350 Sparks Street, Suite 1007
Ottawa, Ontario
K1R 7S8

Re: Foodservice Production Requirements for Period A-165

Dear Mr. Laliberté:

Foodservice and restaurants were one of the hardest hit sectors by the economic closures put in place following the COVID-19 outbreak. In Canada as elsewhere, the sector was one of the first to be shut down, and will be among the latest to fully reopen.

The economic portrait remains fragile for the industry, and evaluating needs as most dining rooms have not yet reopen is a colossal challenge than even members, at their own level, have a hard time doing. Add to this a necessary evaluation of provincial/regional trends, uncertainty about reopening processes and constantly evolving social distancing measures, and it is very difficult to come to hard statistical proposition for the whole industry.

Moreover, our formula to aggregate and analyze numbers is not totally adequate to sort out these kind of situations. Any use of the formula would have way too many uncertain numbers and projections to be valid and accurate enough. Also for consideration is the fact that Restaurants Canada does not have the power to know exactly how many restaurants will have closed and not reopen comes the time of the A-165 allocation period. Current estimates are just estimates and brands we survey certainly do not know what the market will look like, and we are not privy to either their expansion nor potential contraction plans.

However, though over 50% of the industry has been down at some point since mid-March, chicken focused establishments have been hit a bit less hard than others. Because take-out, delivery and drive-thru have all been recognized by provinces as "essential services", many restaurants were able to continue some of their operations. Since many chicken focused restaurants (rotisserie, fried chicken and fast food) were already well setup for these operations, their volumes were less affected than other types of installations. Business in the casual dining segment and full-service establishments was almost non-existent though, which made the total volumes much lower than usual nonetheless.

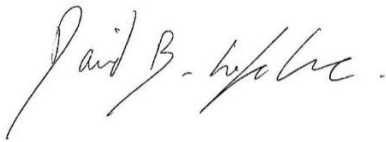
Social distancing measures, and challenges towards consumer confidence, lets us foresee a shaky market over the next few months.

Consequently, our experience and numerous conversations with members, suppliers and industry experts makes us think that a -3% to -5% scenario in terms of requirements makes sense and is market relevant. This estimate is supported by gradual relaxing of social distancing protocols and the continuing normalization of dining room operations. Though many events could derail such a scenario, current numbers lead us to think these numbers would be aligned with a progressive recovery in demand.

As usual, Restaurants Canada insists on the need for right-size birds for restaurants. Even as some production shifted to satisfy demands from retail and grocery stores, demand will come back (it actually already started) and will only be enhanced by reopening of dining rooms.

We hope these considerations will guide your discussions and we remain available to provide additional comments and precisions.

Please receive my best regards.

A handwritten signature in cursive script, appearing to read "David B. Lefebvre".

David Lefebvre
Vice President, Federal and Quebec

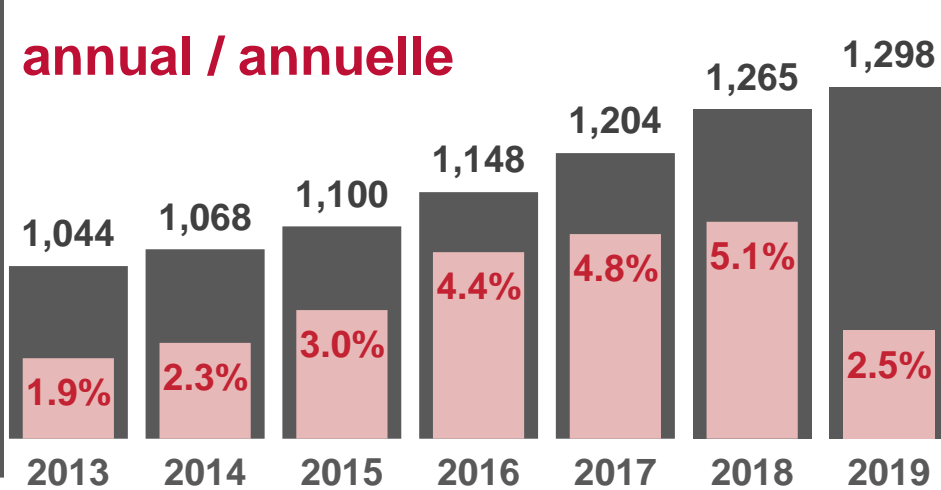
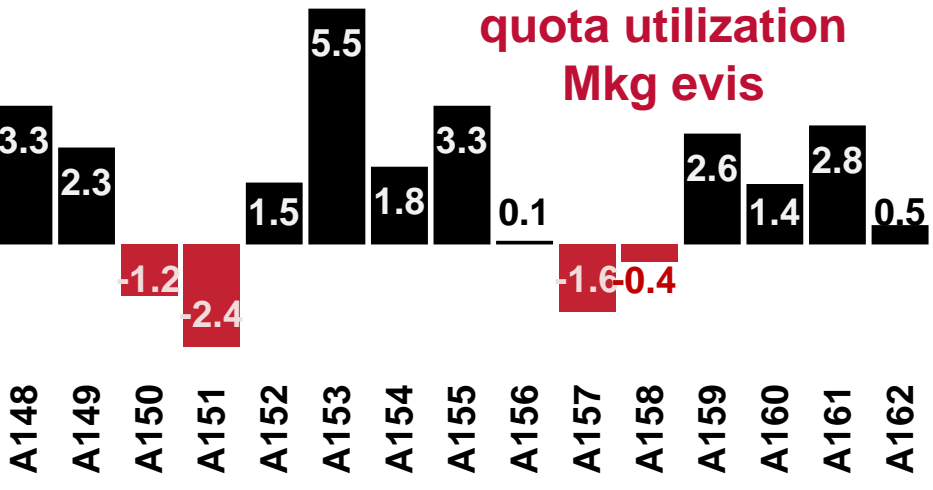
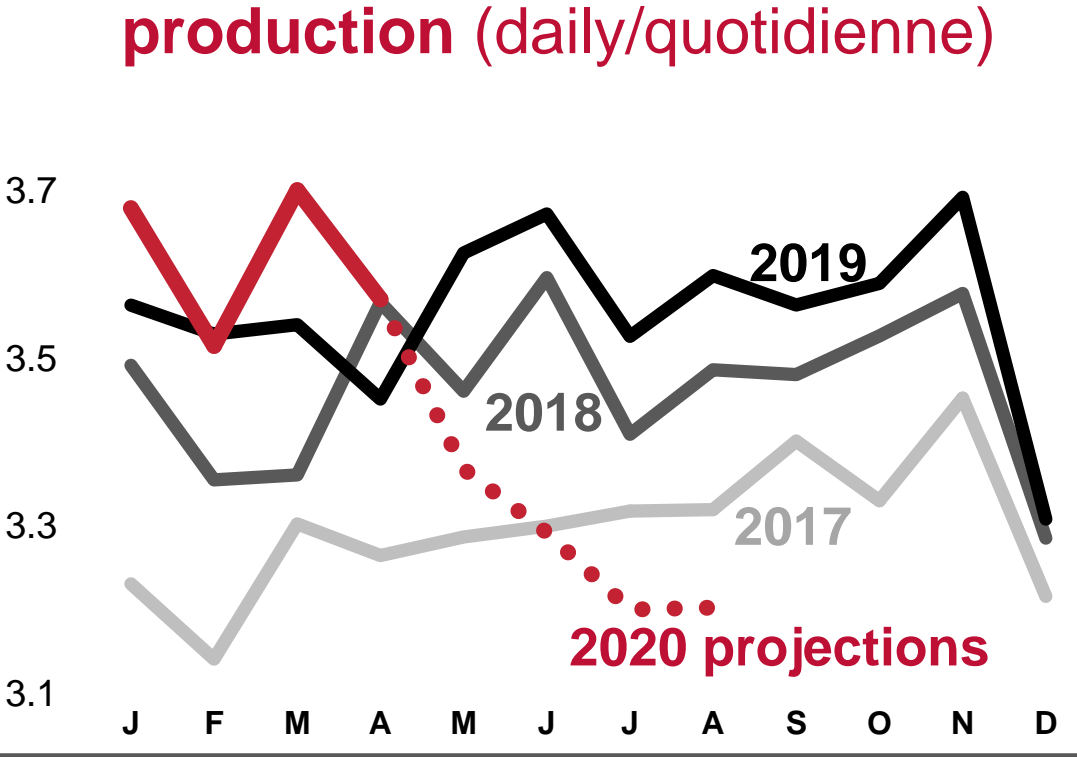
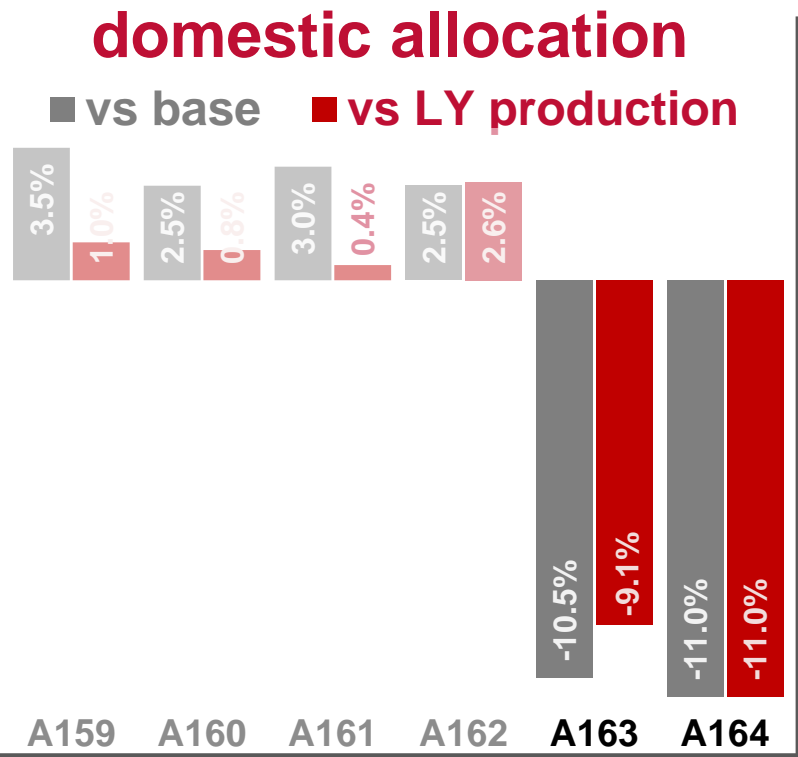
c.c.: Paolo DiManno, Recipe Unlimited
Connie Mammone, Unified Purchasing Group of Canada Inc.
Jan Rus, Chicken Farmers of Canada

market info update mise à jour - info sur le marché

MAY 21, 2020
21 MAI 2020

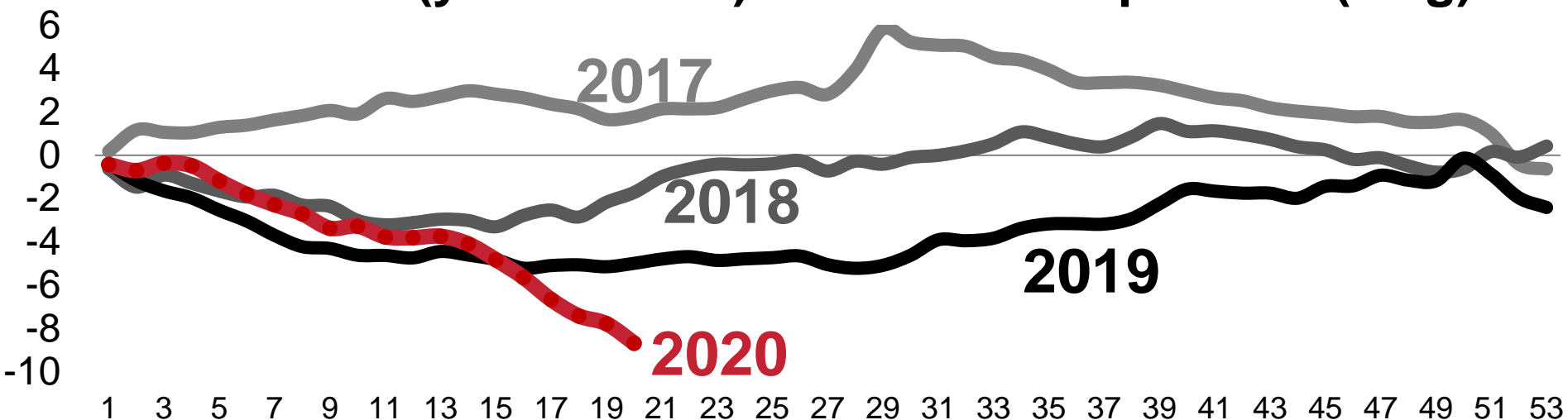


allocation & production

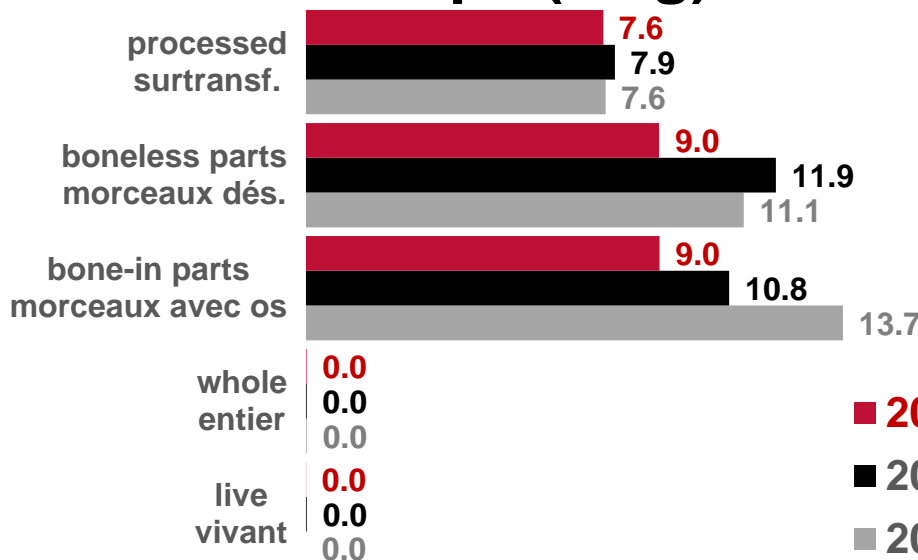


GLOBAL imports (TRQ) / importations GLOBALES (CT)

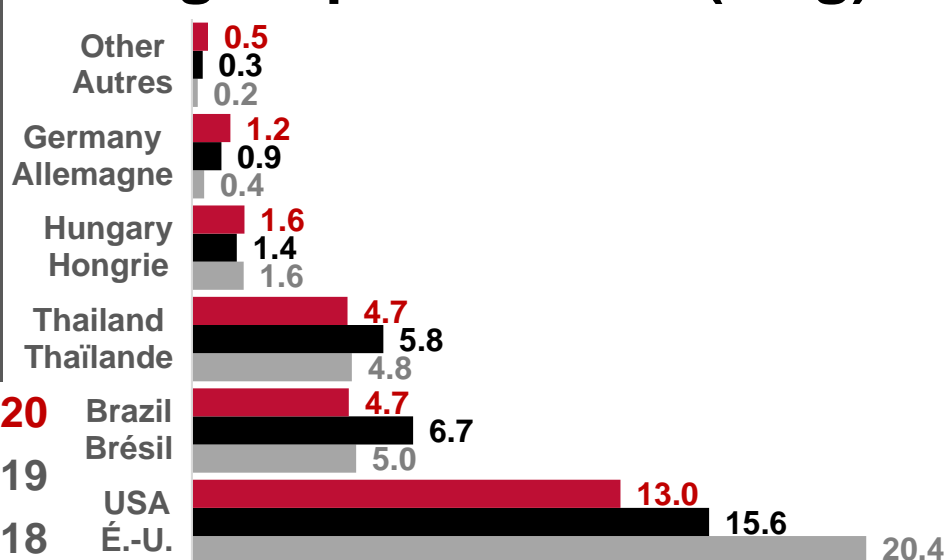
Cumulative (year to-date) / cumulatif vs pro-rata (Mkg)



cut / coupe (Mkg)



origin / provenance (Mkg)



fresh WHITE MEAT supply / offre de VIANDE BLANCHE fraiche

		A156	A157	A158	A159	A160	A161	A162	A163	A164	A165	A166
	base	188.5	191.8	190.3	186.4	180.0	186.2	189.9	195.8	195.1	192.0	190.0
	alloc vs base	2.5%	1.5%	1.5%	3.5%	2.5%	3.0%	2.8%	-10.5%	-11.0%	-5.0%	-2.5%
production	domestic	193.4	193.1	192.9	195.7	186.2	194.8	195.1	175.4	173.7	182.4	185.3
	prev yr/	190.6	188.5	187.9	191.1	183.3	190.7	189.8	193.0	195.1	192.3	200.9
	MD / EM	5.7	5.8	5.7	6.1	6.4	6.3	6.3	4.8	6.0	6.0	6.0
	prev yr	5.8	5.3	5.4	5.9	6.1	6.8	6.5	5.8	5.8	5.9	6.3
	total	199.1	198.9	198.6	201.7	192.7	201.2	201.4	180.2	179.7	188.4	191.3
	prev yr	196.4	193.8	193.4	197.0	189.4	197.5	196.2	198.8	200.8	198.2	207.1
	white meat	111.5	111.4	111.2	113.0	107.9	112.7	112.8	100.9	100.6	105.5	107.1
	prev yr	110.0	108.5	108.3	110.3	106.1	110.6	109.9	111.3	112.5	111.0	116.0
	▲ %	1.4%	2.6%	2.7%	2.4%	1.7%	1.8%	2.6%	-9.4%	-10.5%	-4.9%	-7.7%
imports	TRQ + supps	14.4	15.4	16.1	15.8	12.4	10.5	10.1	13.2	14.0	20.0	18.0
	prev yr	16.6	14.2	15.2	12.2	12.9	11.5	13.9	14.5	16.3	15.9	15.3
	fowl (wh meat)	9.4	11.9	11.4	8.4	9.2	11.8	10.2	11.5	9.6	10.9	9.4
	prev yr	9.0	11.0	10.9	8.2	9.3	10.2	10.2	11.5	9.6	10.9	9.4
	white meat	23.9	27.2	27.5	24.2	21.6	22.2	20.4	24.7	23.6	30.9	27.4
	prev yr	25.7	25.1	26.2	20.4	22.2	21.7	24.2	26.0	25.9	26.8	24.7
	▲ %	-7.1%	8.5%	5.1%	18.8%	-2.7%	2.4%	-15.6%	-5.1%	-9.0%	15.4%	10.9%
total white meat		135.3	138.6	138.7	137.2	129.5	134.9	133.2	125.6	124.2	136.4	134.5
	prev yr	135.6	133.6	134.4	130.7	128.3	132.3	134.0	137.3	138.3	137.8	140.7
	▲ Mkg	-0.3	5.0	4.2	6.5	1.2	2.6	-0.9	-11.7	-14.2	-1.3	-6.2
	▲ %	-0.2%	3.7%	3.2%	5.0%	1.0%	1.9%	-0.7%	-8.6%	-10.2%	-1.0%	-4.4%

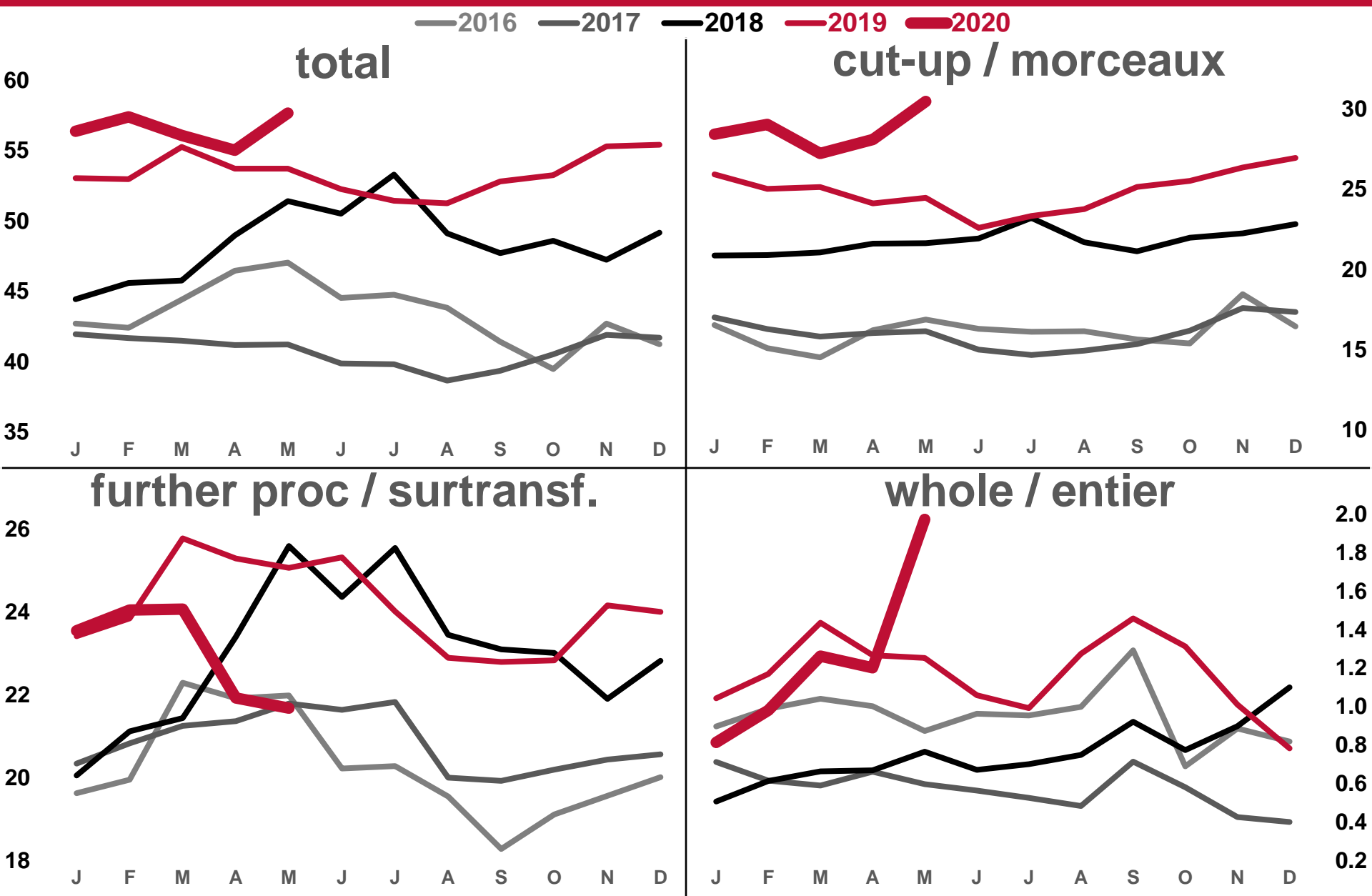
Domestic production A162-164 as allocated, A165 5% below base, A166 2.5% below base; MD A163 onward proj at 6 Mkg/pd

Global imports: A163 1.65/w, A164 1.75/w, A165 2.5/w, A166 2.25/w (pr = 1.8/w, 14.4/period)

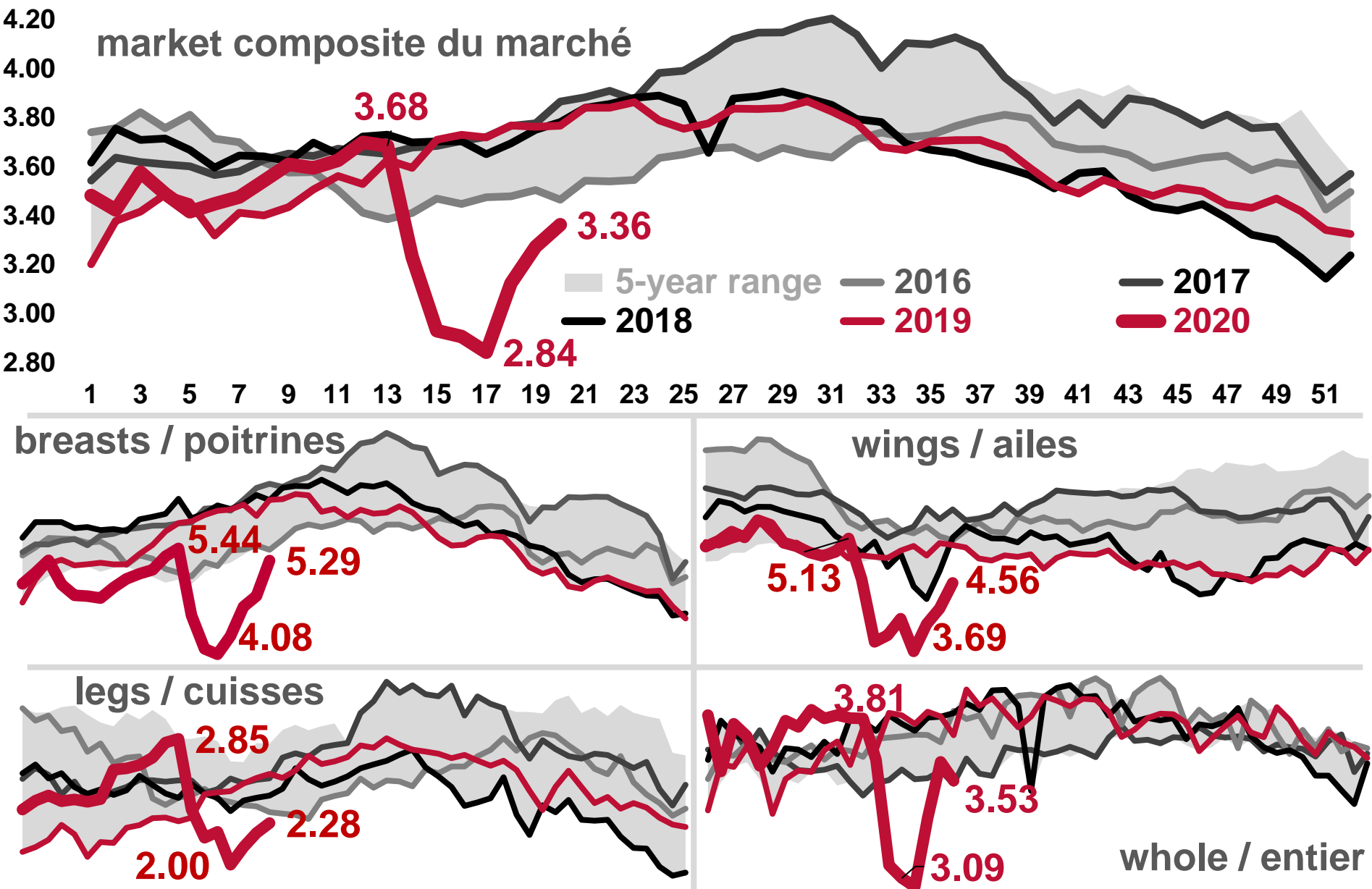
Fowl imports: up to A161 based on AAFC monthly data; A162 onward projected at same as previous year

White meat supply: 0.56*total production + global & suppl. imports + fowl breast meat imports (bone-in equivalent)

Chicken Storage STOCKS / STOCKS en entrepôt (Mkg)



wholesale prices / prix de gros



% change* - RETAIL meat sales / vente de viande au DÉTAIL

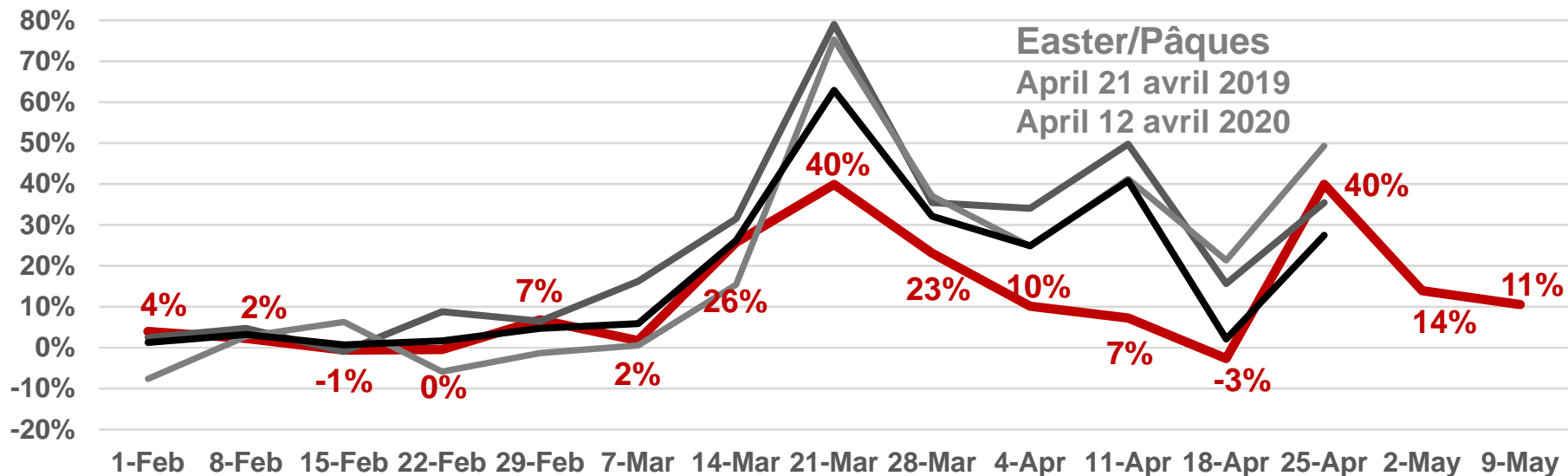
chicken/poulet

beef/boeuf

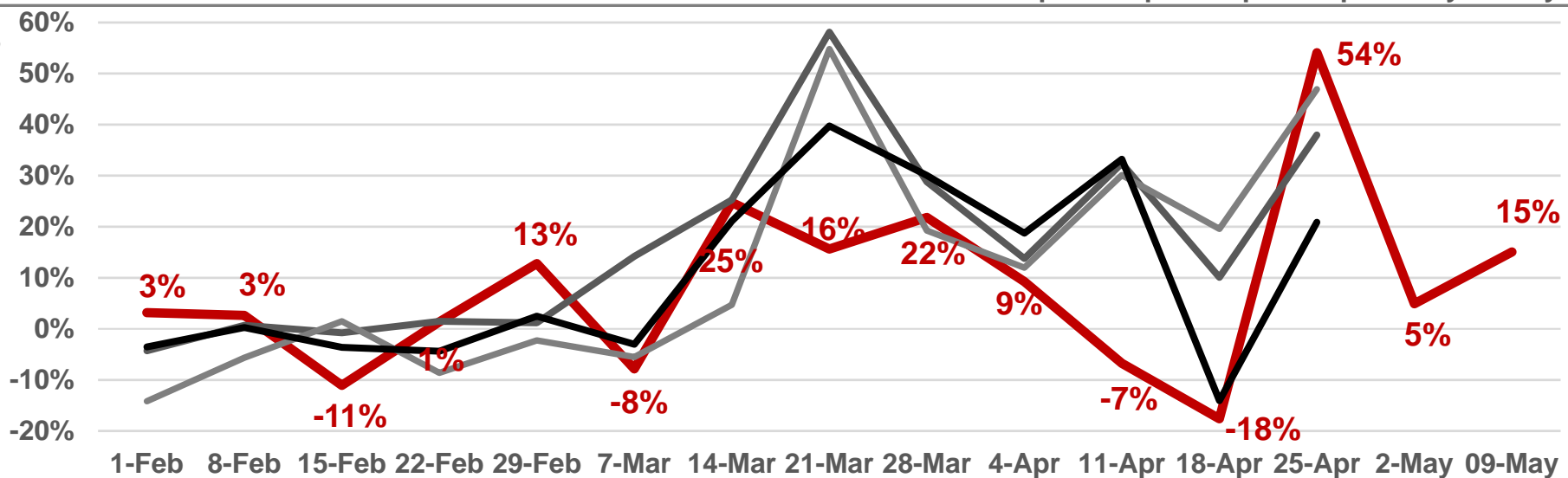
pork/porc

total

\$\$\$



kgs



* % change from same week(s) last year / % de changement par rapport aux même(s) semaine(s) l'an dernier

US chicken market / marché du poulet AMÉRICAIN

» Production down 0.3% in 2020, up 2.7% in 2021

» Inventories up 6% over 2019

» Exports +4% in 2020, +1% in 2021

» Per capita consumption (lbs)

2018 – 92.6

2019 – 95.1 (+2.7%

2020 – 94.1 (-1.1%)

2021 – 96.1 (+2.1%)

» Production: en baisse de 0,3% en 2019, en hausse de 2,7% en 2021

» Inventaires: 6% de plus vs 2019

» Exportations +4% en 2020 et +1% en 2021

» Per capita consumption (lbs)

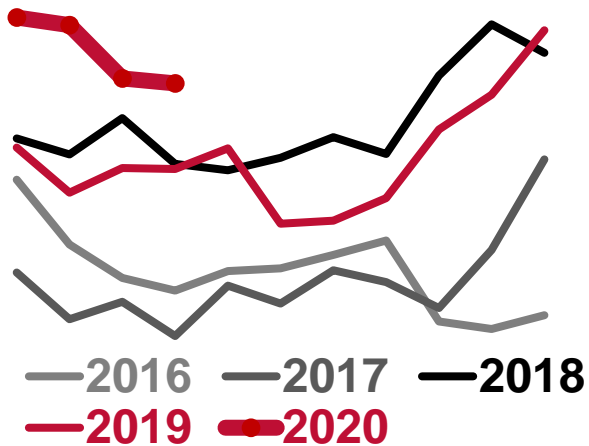
2018 – 92,6

2019 – 95,1 (+2,7%)

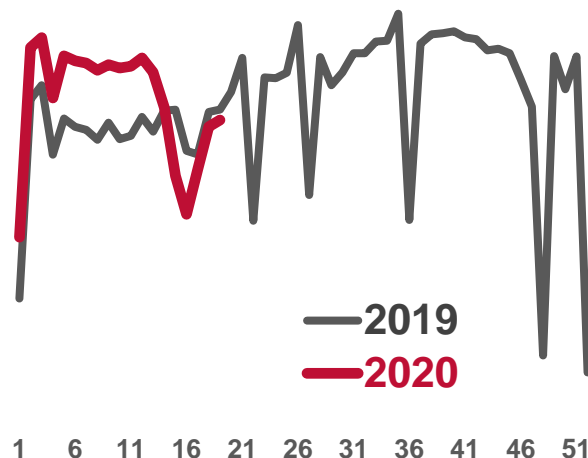
2020 – 94,1 (-1.1%)

2021 – 96,1 (+2,1%)

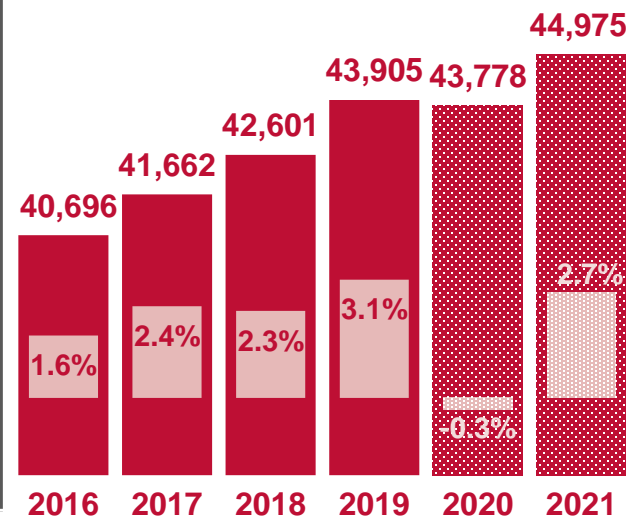
US frozen inventories/stocks



weekly slaughter
abattage hebdomadaire

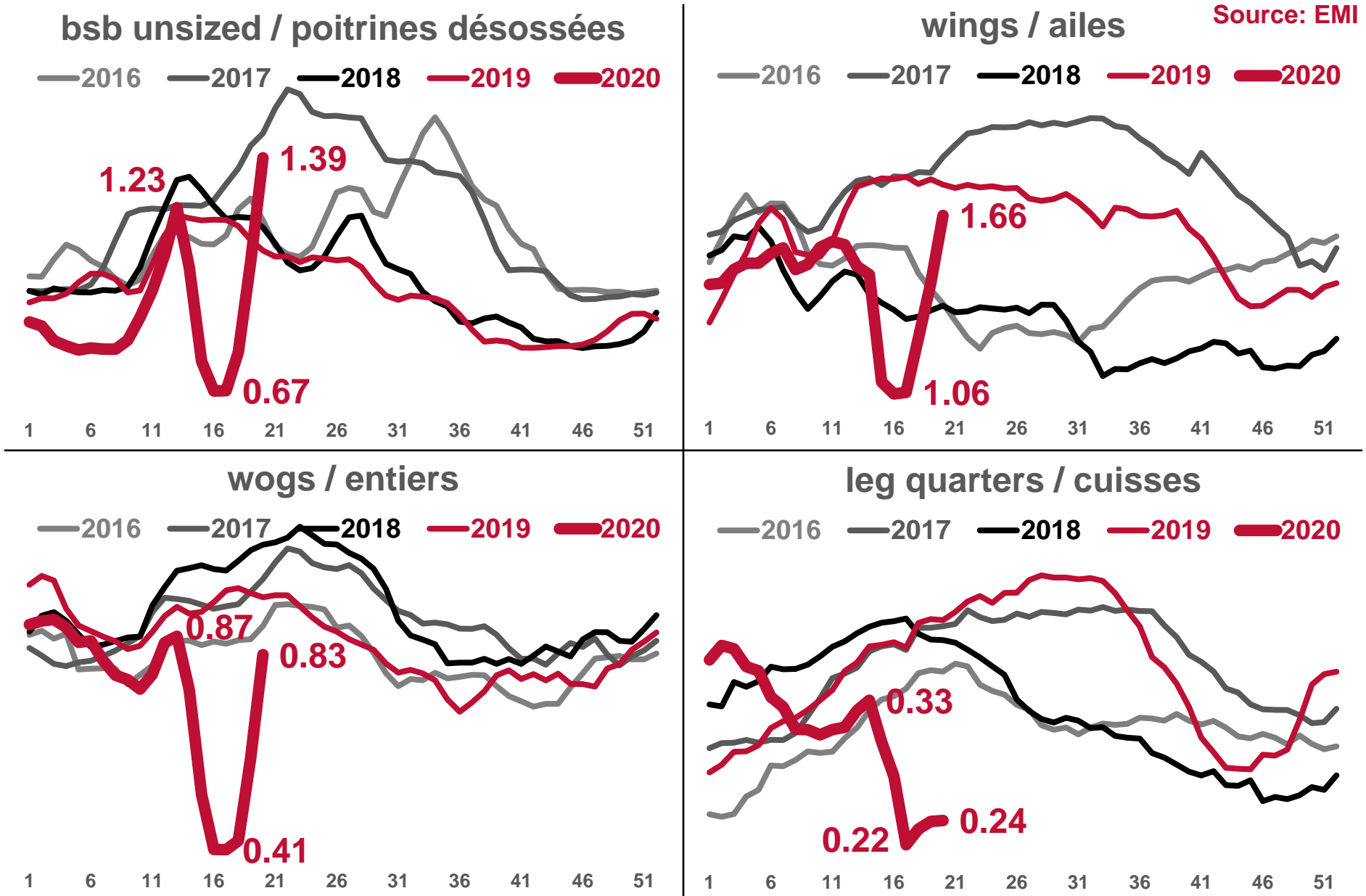


Production (mln lbs)



US wholesale prices/prix de gros AMÉRICAINS (US\$/lb)

Source: EMI



BEEF / BŒUF

US

- » Production decreasing 5.1% in 2020 and increasing 6.7% in 2021
- » Frozen inventories up 11%
- » Exports decreasing at 4% (2020) and increasing at 9% (2021)
- » Per capita consumption (lbs)
 - » 2019 – 58.1 (+1.4%)
 - » 2020 – 54.7 (-5.9%)
 - » 2021 – 57.8 (+5.7%)

É.-U.

- » Production: baisse de 5,1% en 2020, hausse de 6,7% en 2021
- » Stocks: augmentation de 11%
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 - » 2019 – 58,1 (+1,4%)
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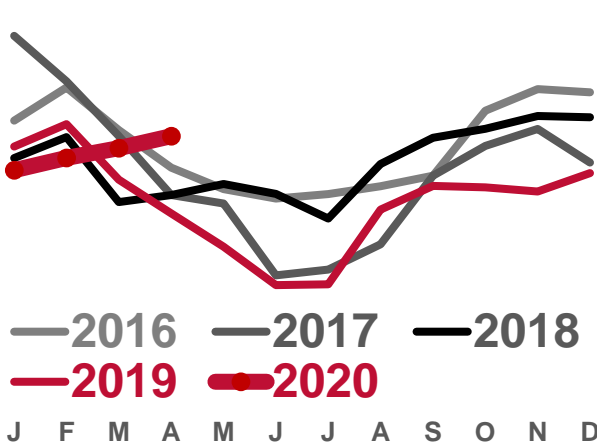
CANADA

- » ytd production -10%

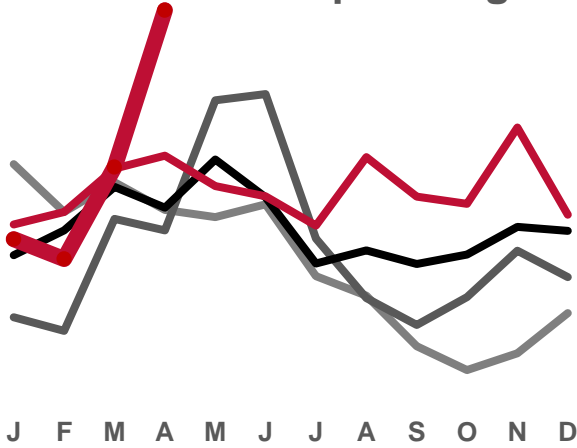
CANADA

- » production à date -10%

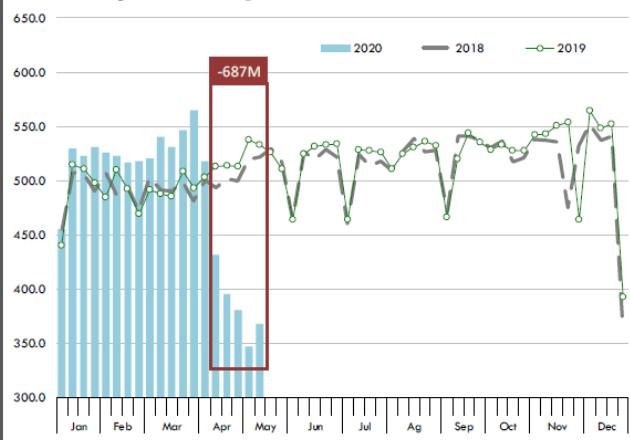
US frozen inventories/stocks



US beef cut-out/prix de gros



weekly beef prod du boeuf hebdomadaire



PORK / PORC

US

- » Production decreasing 0.7% in 2020 and increasing 2.9% in 2021
- » Inventories up 2% over last year
- » Exports increasing at 13% (2020) and 2% (2021)
- » Per capita consumption (lbs)
 - » 2019 – 52.4 (+2.7%)
 - » 2020 – 49.7 (-5.2%)
 - » 2021 – 50.8 (+2.2%)

CANADA

- » ytd production +4%

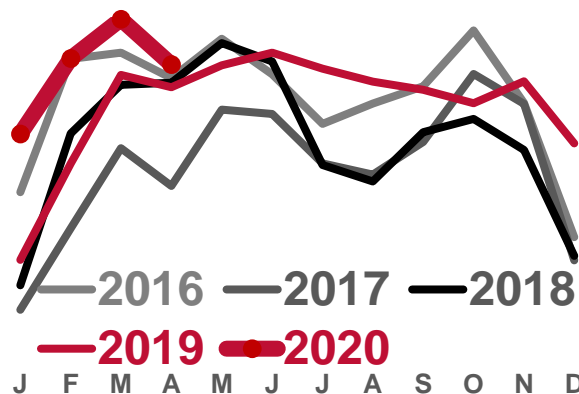
É.-U.

- » Production: baisse de 0,7% en 2020, hausse de 2,9% en 2021
- » Stocks: augmentation de 2%
- » exportations augmentent à 13% (2020) et 2% (2021)
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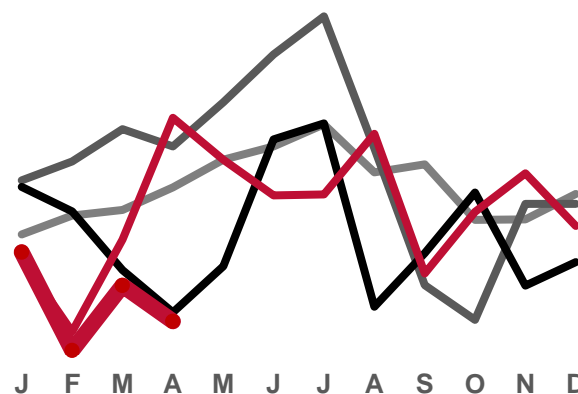
CANADA

- » production à date +4%

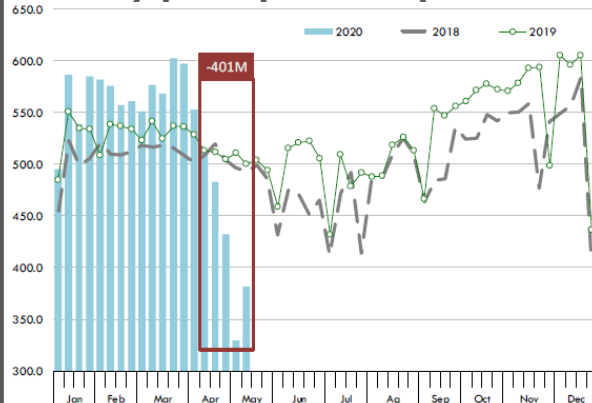
US frozen inventories/stocks



US pork cut-out/prix de gros



weekly pork prod du porc hebdo.



Feed outlook / perspectives sur les prix des grains

corn / maïs

CBOT:ZCN2020, D 319'4 ▲ +0'2 (+0.08%) O:319'0 H:320'0 L:319'0 C:319'4



- » 2020/21 production expected 17% higher than 2019/20
- » 2020/21 production 17% de plus qu'en 2019/20
- » 2020/21 stocks to use ratio expected to increase to 22% (15% in 2019/20)
- » 2020/21 stocks vs utilisation prévu à 22% (15% en 2019/20)

soybeans / soja

CBOT:ZSN2020, D 846'4 0'0 (0%) O:846'6 H:848'4 L:846'2 C:846'4



- » 2020/21 production expected 16% higher than 2019/20
- » 2020/21 production 16% de plus qu'en 2019/20
- » 2020/21 stocks to use ratio expected to decrease to 9% (15% in 2019/20)
- » 2020/21 stocks vs utilisation prévu à 9% (15% en 2019/20)

CHICKEN.CA | CHICKENFARMERS.CA
POULET.CA | PRODUCTEURSDEPOULET.CA





Canadian Poultry and Egg Processors Council
Conseil canadien des transformateurs d'oeufs et de volailles

[This letter is being sent on behalf of the Chicken Primary Processing sector of CPEPC]

Ottawa, May 25, 2020

Sent by email

Mr. Michael Laliberté
Chicken Farmers of Canada
350 Sparks Street, Suite 1007
Ottawa, Ontario K1R 7S8

Re: Setting Allocations for A-165 & A-166

Dear Michael,

I am writing to request a change to the timeline for setting the allocations for A-165 and A-166. The current situation and ongoing COVID measures necessitate delaying setting the allocations as much as possible to ensure that they are set at the right level.

The CPEPC Chicken Primary Processors started discussing the allocation for A-165 last week. The market situation is evolving rapidly and it is very difficult to know what the conditions will be in the fall. In this context it is necessary to set the allocation as late as possible.

Considering that regular chickens will require 3 weeks of incubation and a 5-week growing period, it is possible to set the allocation in late June for A-165. One of the reasons to set the allocation earlier is to ensure that the allocation is set before setting eggs for heavy bird production. However, heavier birds are mostly destined to the food service industry and the demand for these birds has dropped significantly.

In the coming weeks, several key market indicators will be released. They will provide essential information to assist with setting the allocation for A-165. For instance, June 1 stocks will be released on June 12. It is also important to look at how wholesale prices will evolve during A-163 considering the level of this allocation in comparison to A-162.

Based on the preliminary discussions regarding A-165, the COVID crisis continues to impact the West and the East differently. For A-163 and A-164, the allocation was set based on a regional approach. A recovery process was agreed upon for A-163 and we believe it is important to understand what the recovery process will be for A-164 and whether it could be used for future allocation periods. We understand that this is not the preferred option for most provinces but considering the current situation and expectations for the fall, an allocation set on a regional basis seems the most appropriate for the entire industry.

In the current situation, it is important to look at exceptional measures to ensure that the allocation responds to market needs. Setting the allocation later than usual is one of these measures, as is having the possibility to set the allocation on a regional basis to ensure we meet market demand in the two (2) regions.

Sincerely,



Nicolas Paillat
Director, Chicken and Turkey Primary Processing Sectors

C.c.: CPEPC CPP Members
Brian Douglas, FPCC
Jan Rus, CFC

market info A165

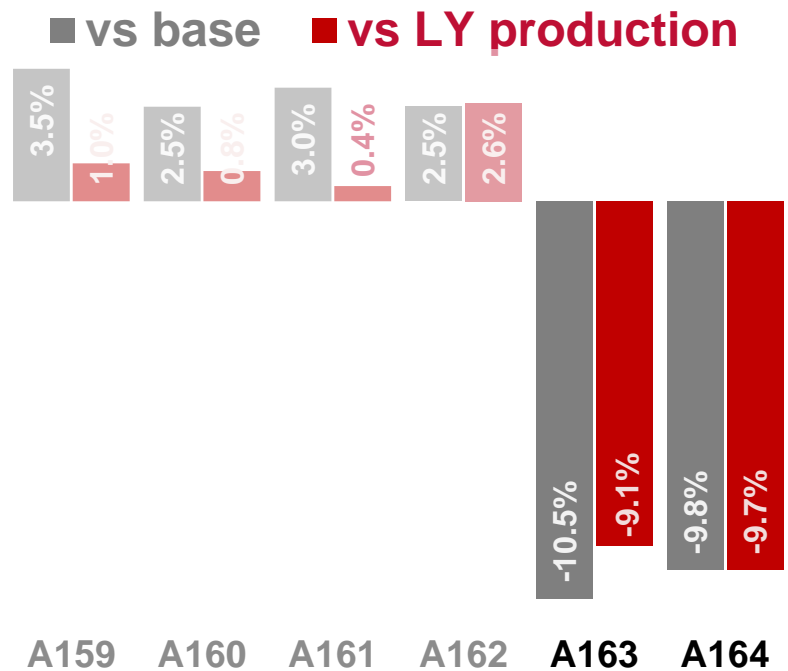
A165 - info sur le marché

JUNE 16, 2020
16 JUIN 2020

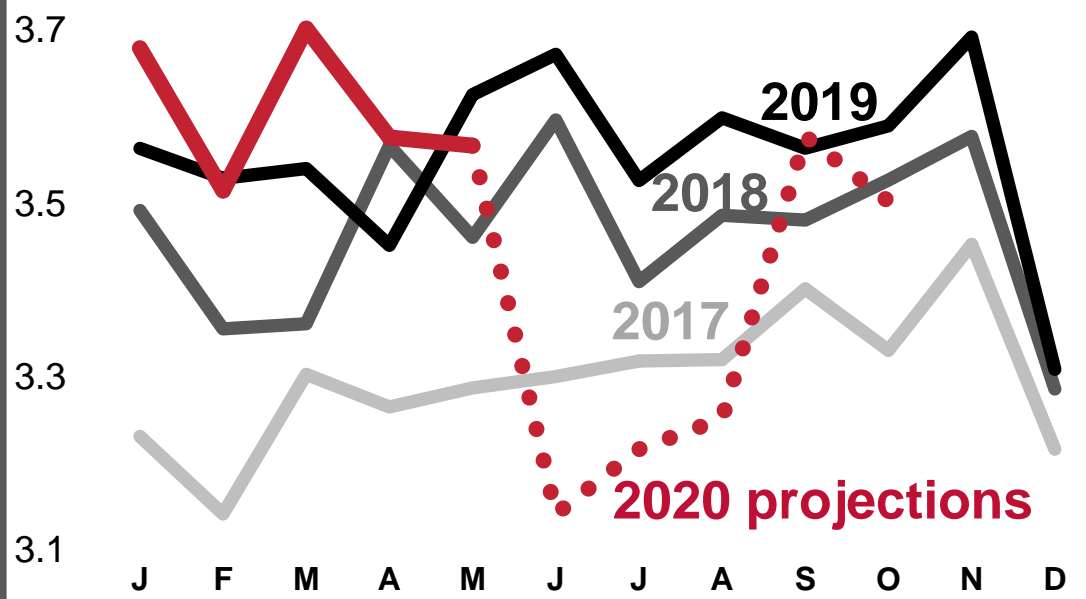


allocation & production

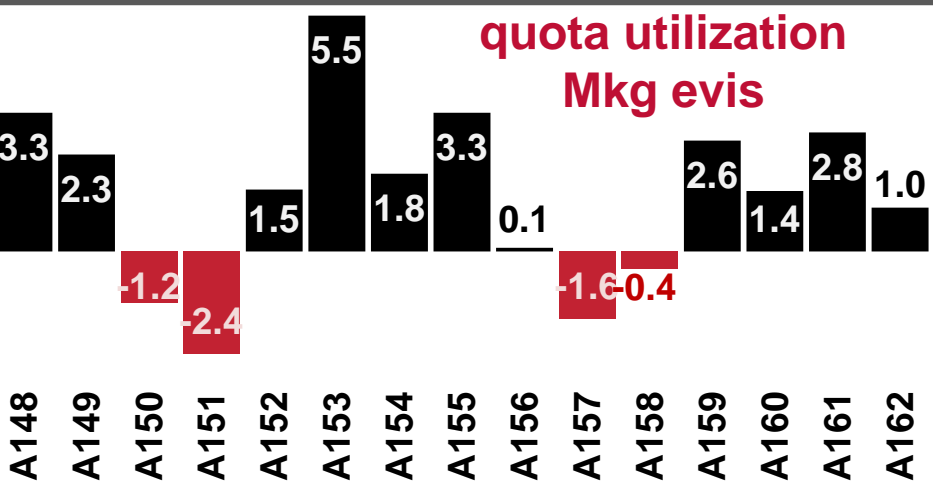
domestic allocation



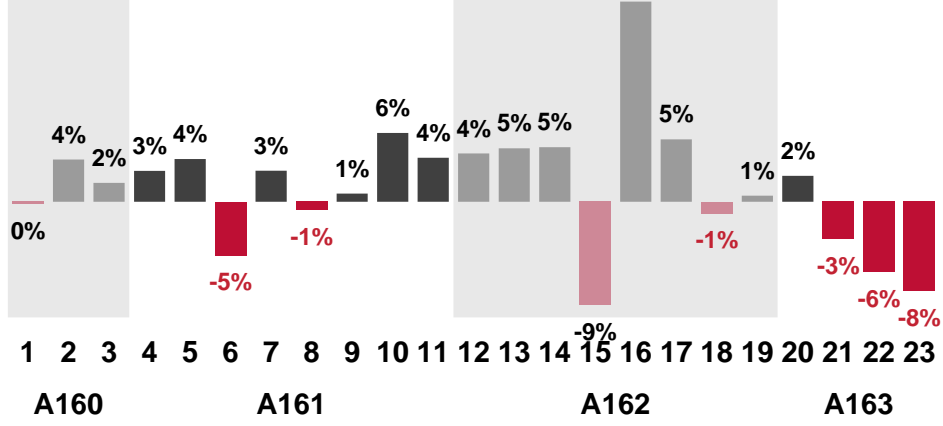
production (daily/quotidienne)



quota utilization Mkg evs

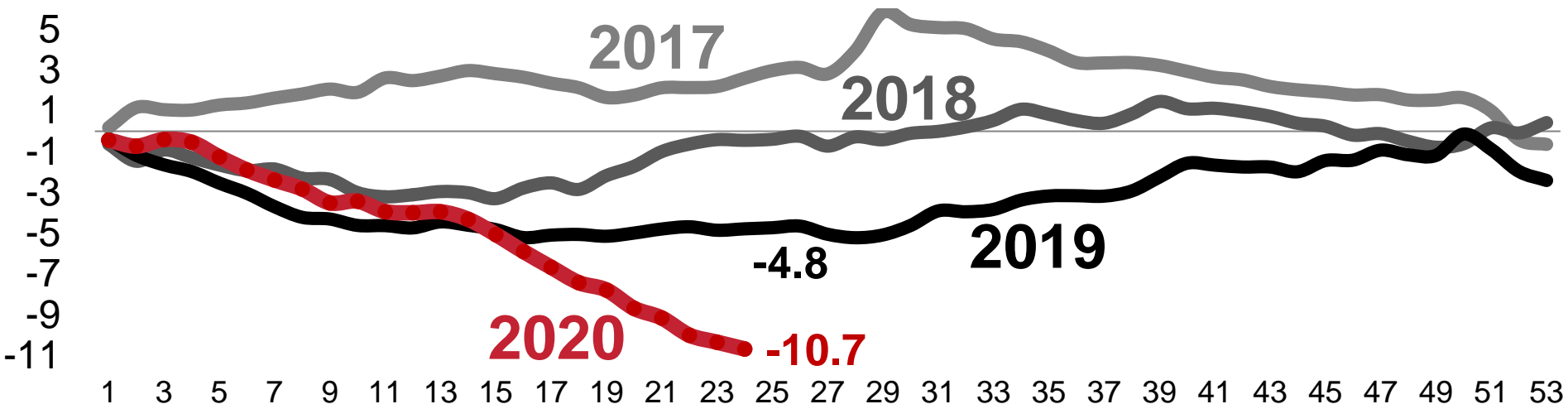


% change vs same week LY / % de changement par rapport au même semaine 2019

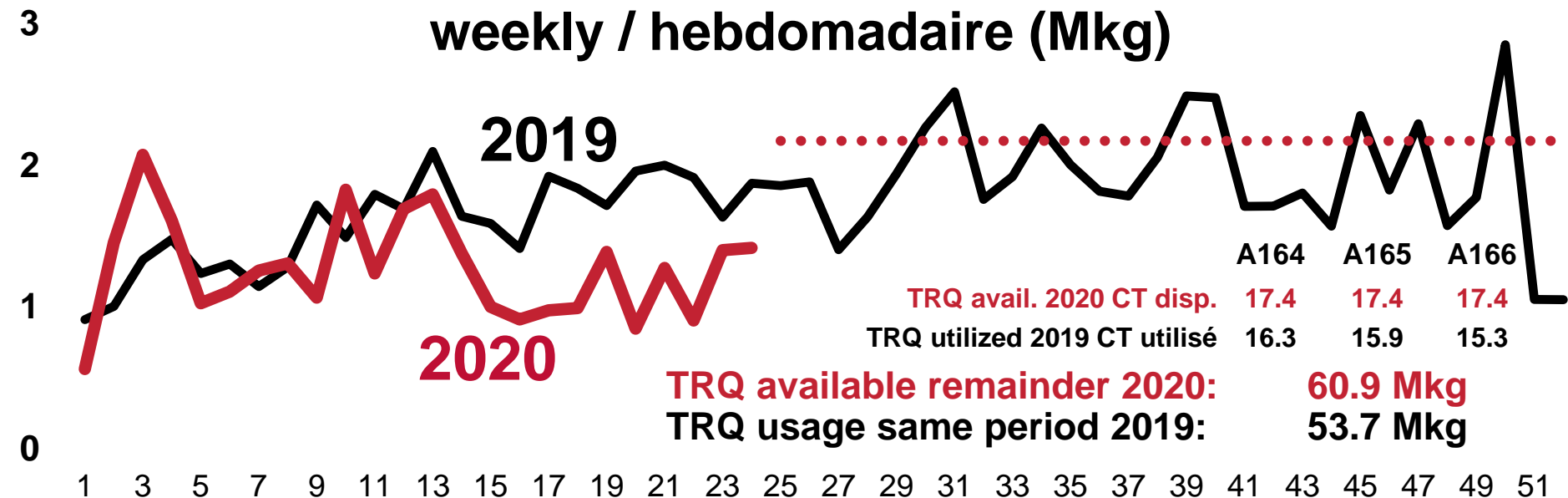


GLOBAL imports (TRQ) / importations GLOBALES (CT)

Cumulative (year to-date) / cumulatif vs pro-rata (Mkg)



weekly / hebdomadaire (Mkg)



fresh WHITE MEAT supply / offre de VIANDE BLANCHE fraîche

		A156	A157	A158	A159	A160	A161	A162	A163	A164	A165	A166
base		188.5	191.8	190.3	186.4	180.0	186.2	189.9	195.8	195.1	192.0	190.0
alloc vs base		2.5%	1.5%	1.5%	3.5%	2.5%	3.0%	2.8%	-10.5%	-9.7%	-0.8%	0.0%
production	domestic	193.4	193.1	192.9	195.7	186.2	194.8	195.1	175.4	176.1	190.4	190.0
	prev yr/	190.6	188.5	187.9	191.1	183.3	190.7	189.8	193.0	195.1	192.3	200.9
	MD / EM	5.7	5.8	5.7	6.1	6.4	6.3	6.3	4.8	6.0	6.0	6.0
	prev yr	5.8	5.3	5.4	5.9	6.1	6.8	6.5	5.8	5.8	5.9	6.3
	total	199.1	198.9	198.6	201.7	192.7	201.2	201.4	180.2	182.1	196.4	196.0
	prev yr	196.4	193.8	193.4	197.0	189.4	197.5	196.2	198.8	200.8	198.2	207.1
	white meat	111.5	111.4	111.2	113.0	107.9	112.7	112.8	100.9	102.0	110.0	109.8
imports	prev yr	110.0	108.5	108.3	110.3	106.1	110.6	109.9	111.3	112.5	111.0	116.0
	▲ %	1.4%	2.6%	2.7%	2.4%	1.7%	1.8%	2.6%	-9.4%	-9.3%	-0.9%	-5.4%
	TRQ + supps	14.4	15.4	16.1	15.8	12.4	10.5	10.1	13.2	14.0	20.0	18.0
	prev yr	16.6	14.2	15.2	12.2	12.9	11.5	13.9	14.5	16.3	15.9	15.3
	fowl (wh meat)	9.4	11.9	11.4	8.4	9.2	11.8	10.3	11.5	9.6	10.9	9.4
	prev yr	9.0	11.0	10.9	8.2	9.3	10.2	10.2	11.5	9.6	10.9	9.4
	white meat	23.9	27.2	27.5	24.2	21.6	22.2	20.4	24.7	23.6	30.9	27.4
total white meat	prev yr	25.7	25.1	26.2	20.4	22.2	21.7	24.2	26.0	25.9	26.8	24.7
	▲ %	-7.1%	8.5%	5.1%	18.8%	-2.7%	2.4%	-15.5%	-5.1%	-9.0%	15.4%	10.9%
	total white meat	135.3	138.6	138.7	137.2	129.5	134.9	133.2	125.6	125.5	140.9	137.2
	prev yr	135.6	133.6	134.4	130.7	128.3	132.3	134.0	137.3	138.3	137.8	140.7
▲ Mkg		-0.3	5.0	4.2	6.5	1.2	2.6	-0.9	-11.7	-12.8	3.2	-3.5
▲ %		-0.2%	3.7%	3.2%	5.0%	1.0%	1.9%	-0.6%	-8.6%	-9.2%	2.3%	-2.5%

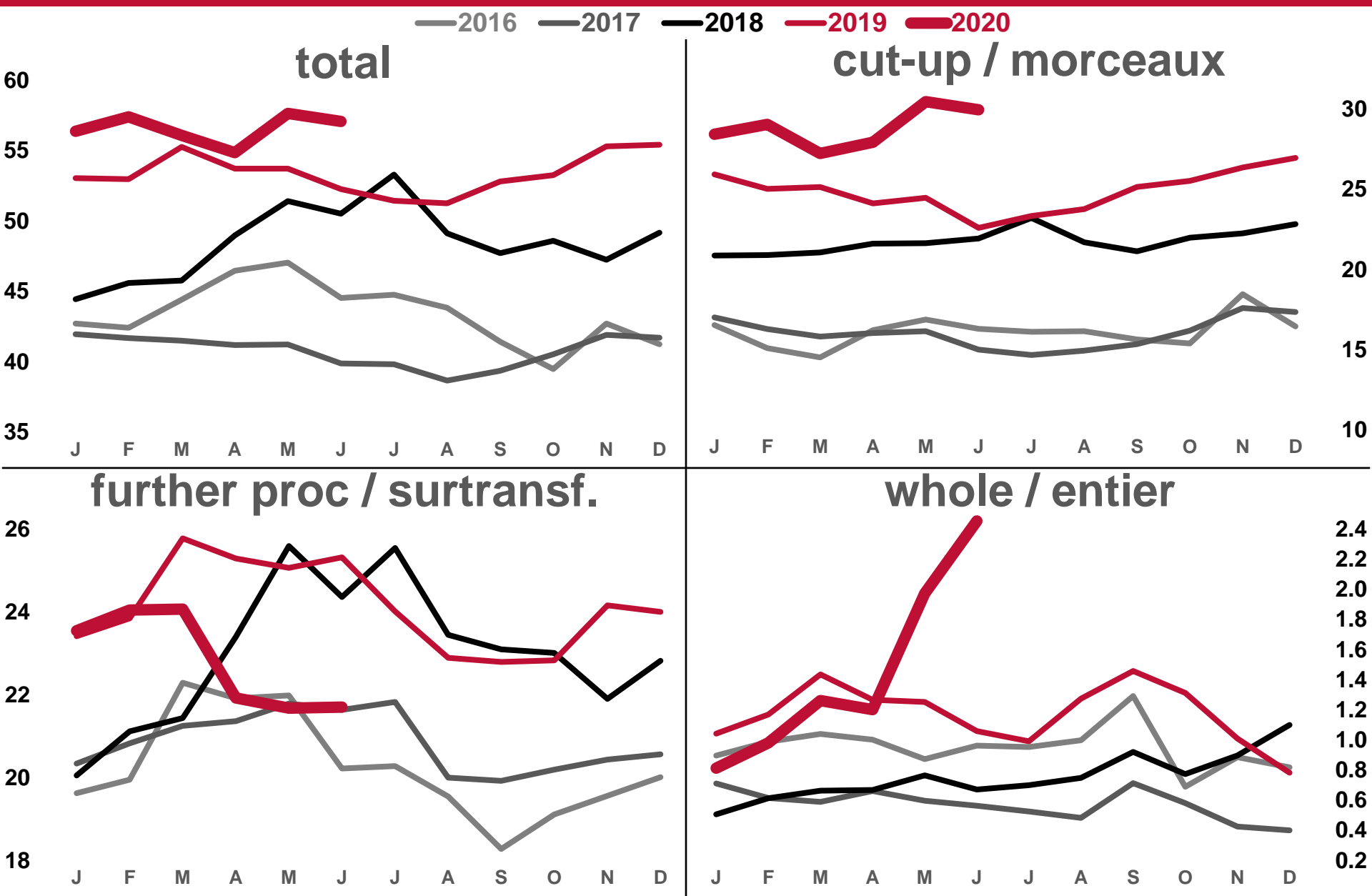
Domestic production A162-164 as allocated, A165 as requested, A166 proj at base; MD A163 onward proj at 6 Mkg/pd

Global imports: A163 1.5/w, A164 2.5/w, A165 2.25/w, A166 2.0/w (pr = 1.7/w, 14.0/period)

Fowl imports: up to A161 based on AAFC monthly data; A162 onward projected at same as previous year

White meat supply: 0.56*total production + global & suppl. imports + fowl breast meat imports (bone-in equivalent)

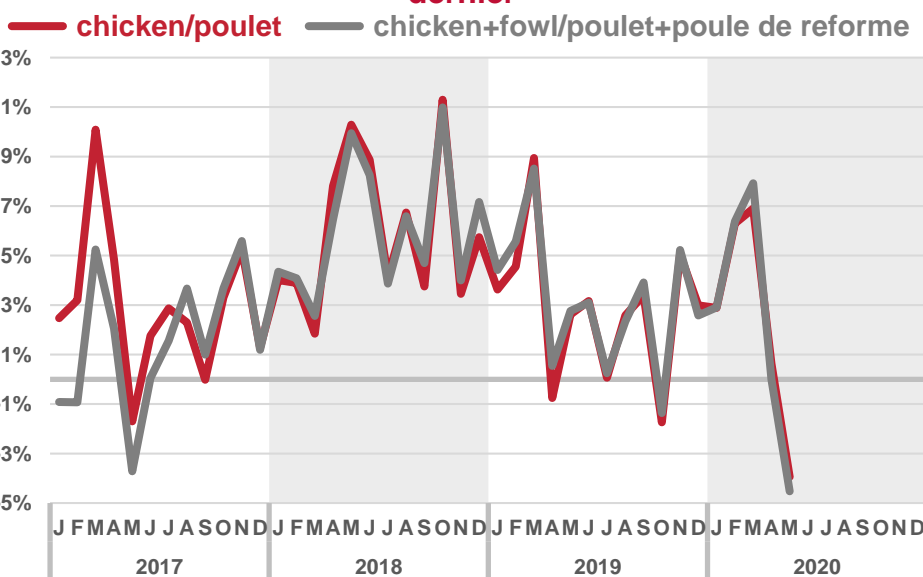
Chicken Storage STOCKS / STOCKS en entrepôt (Mkg)



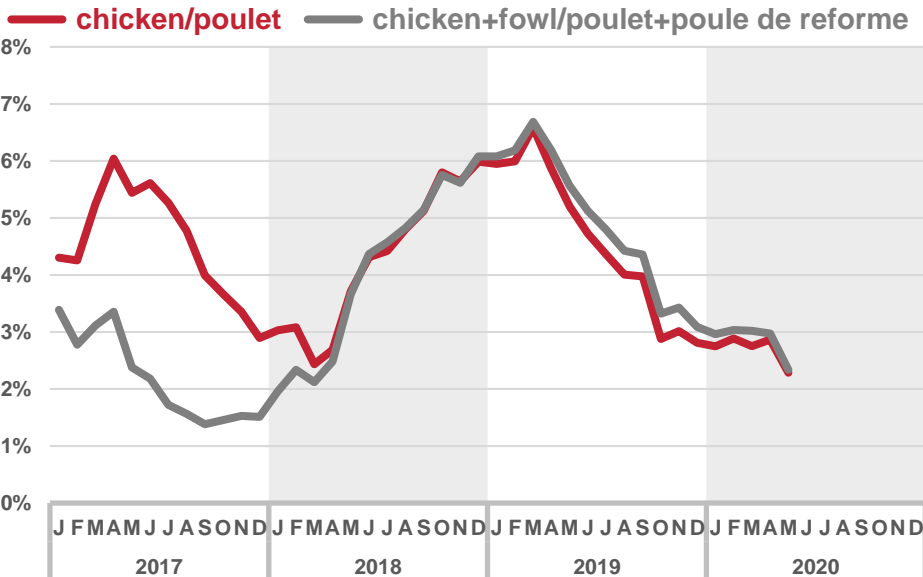
CHICKEN+FOWL supply & disapp / offre & disp POULET+POULE DE RÉF

SUPPLY / OFFRE					DEMAND / DISPOSITION				
January - May	2020	2019	▲		janvier - mai	2020	2019	▲	
production	562	549	13	2%	exports/exportations	61	63	(2)	(3%)
Imports/importations	99	99	1	1%	stocks ↑ inventaires				
fresh supply/approv frais	661	647	14	2%	dom disapp/cons dom	599	585	14	2%
stocks ↓ inventaires		1							
TOTAL supply/appr TOTALE	661	648	13	2%	TOTAL dem/disp TOTALE	661	648	13	2%

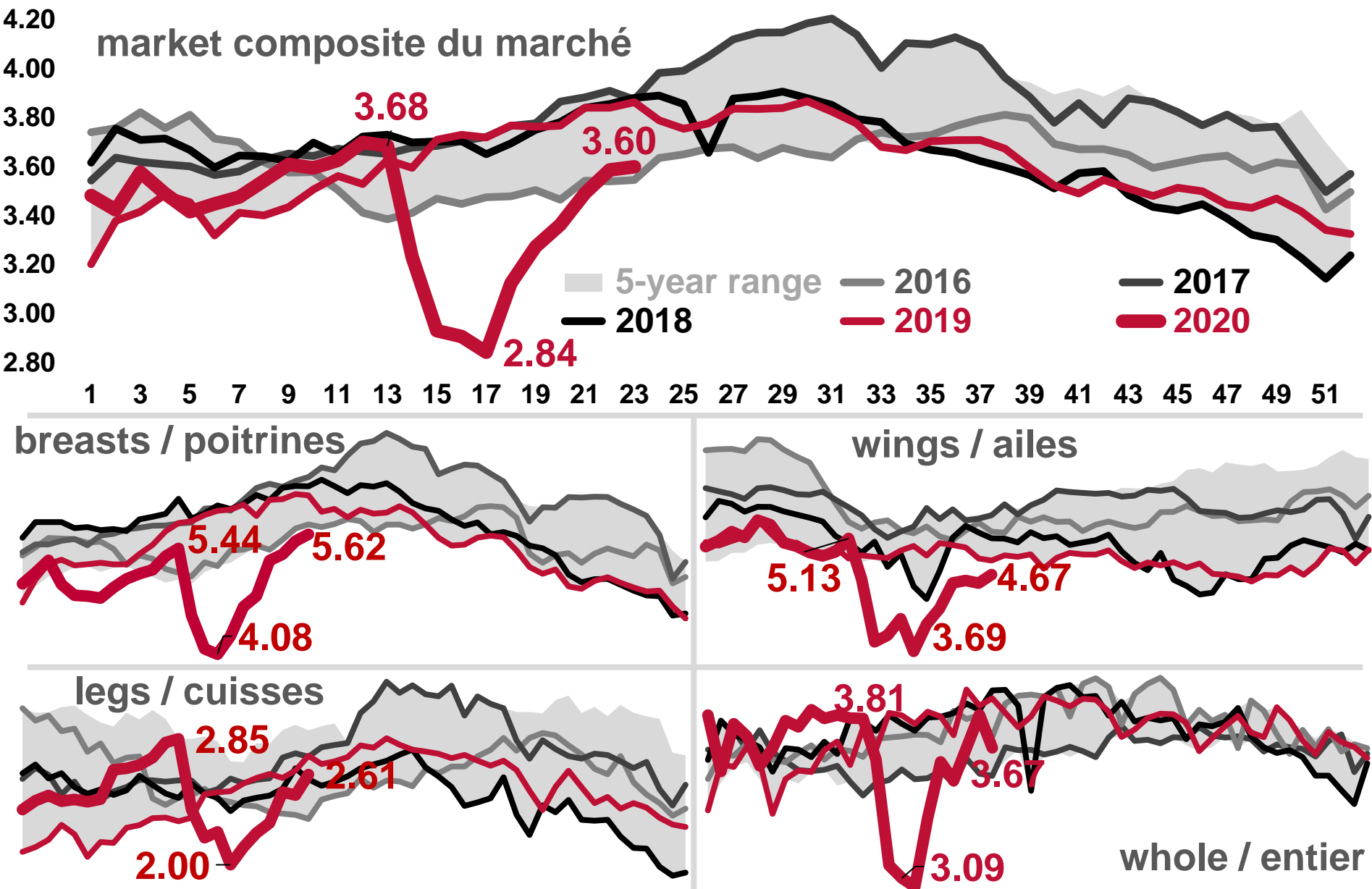
% change vs same month ly / % variation au même mois l'an dernier



12-m rolling % change / % variation mobile sur 12 mois



wholesale prices / prix de gros



% change* - RETAIL meat sales / vente de viande au DÉTAIL

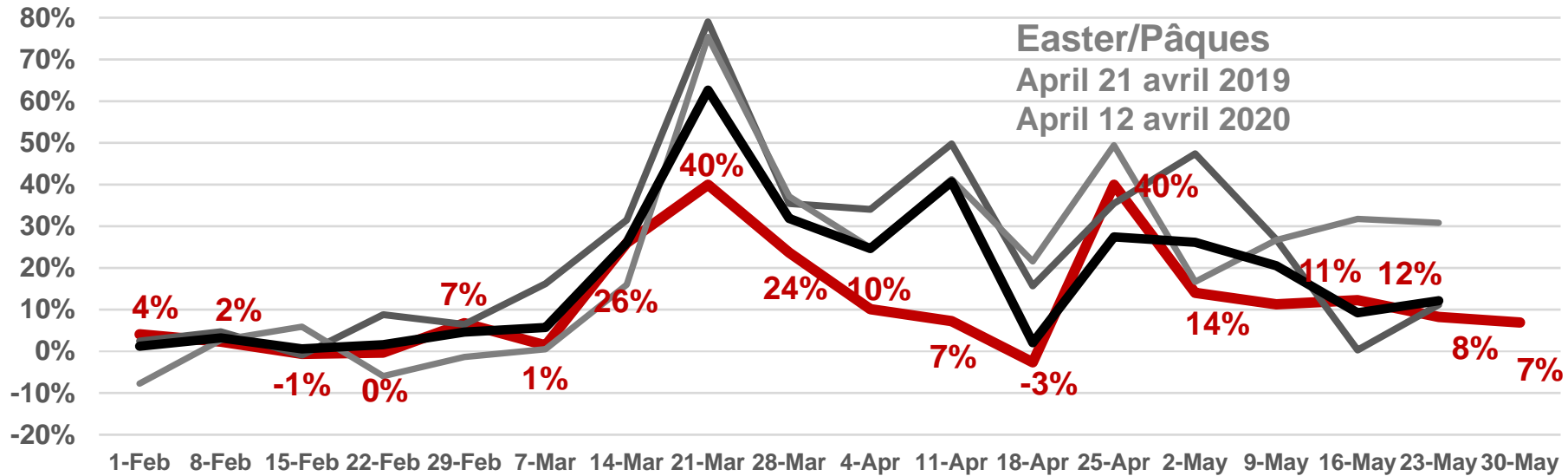
chicken/poulet

beef/boeuf

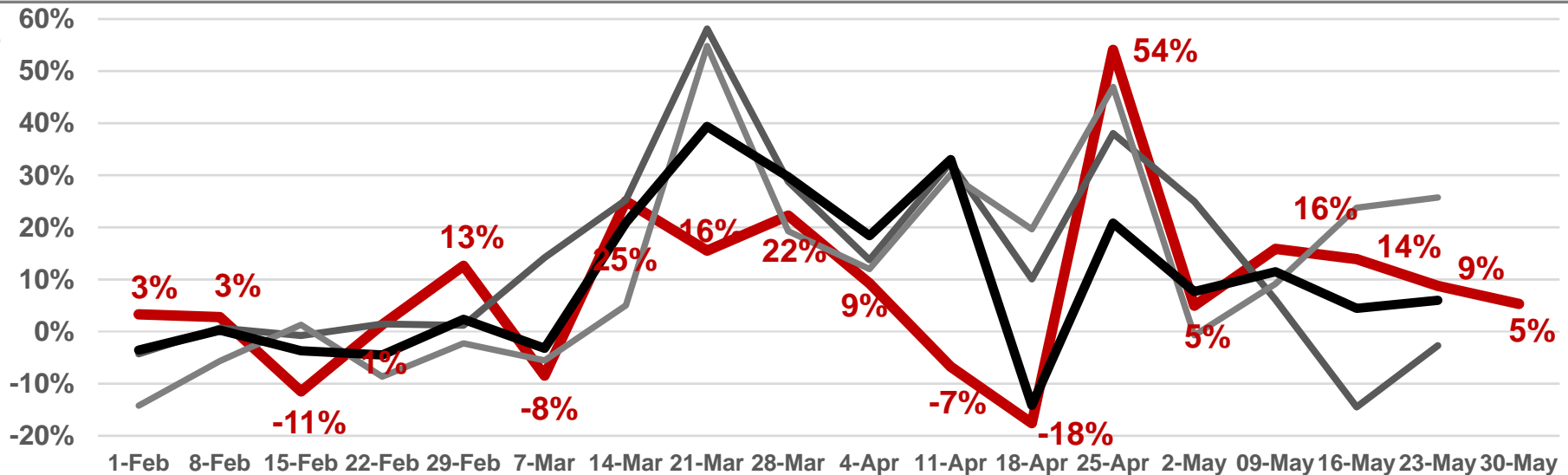
pork/porc

total

\$\$\$



kgs

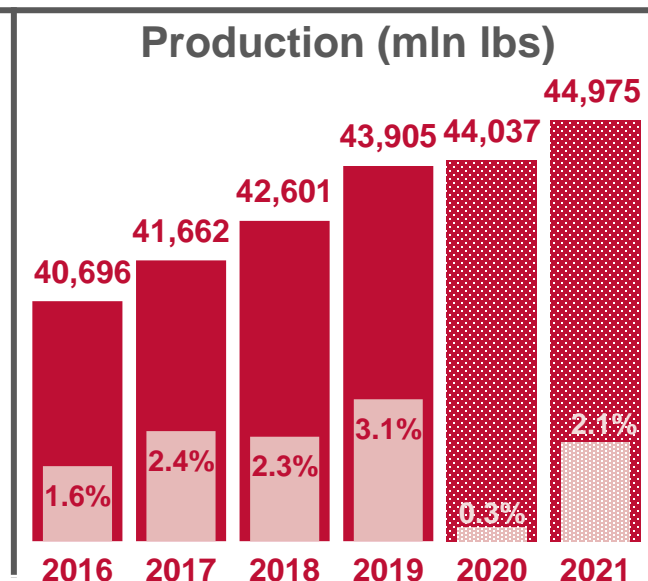
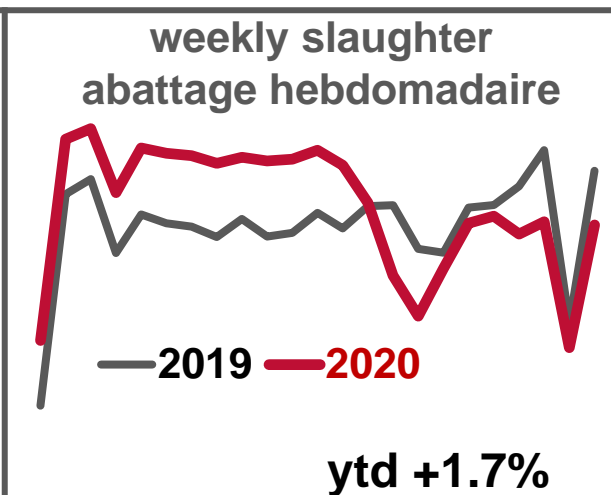
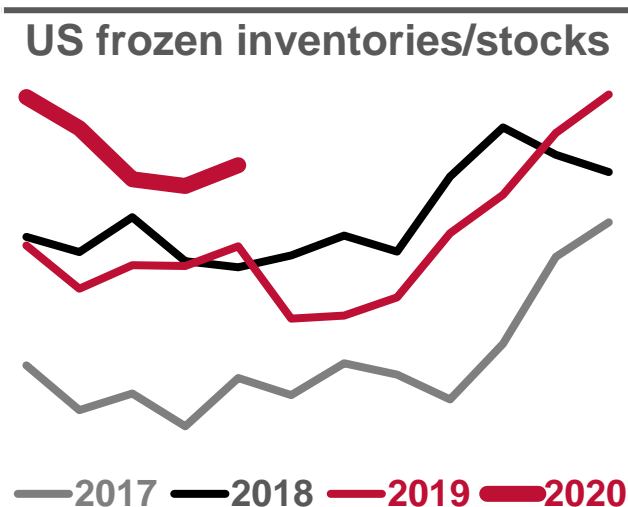


* % change from same week(s) last year / % de changement par rapport aux même(s) semaine(s) l'an dernier

US chicken market / marché du poulet AMÉRICAIN

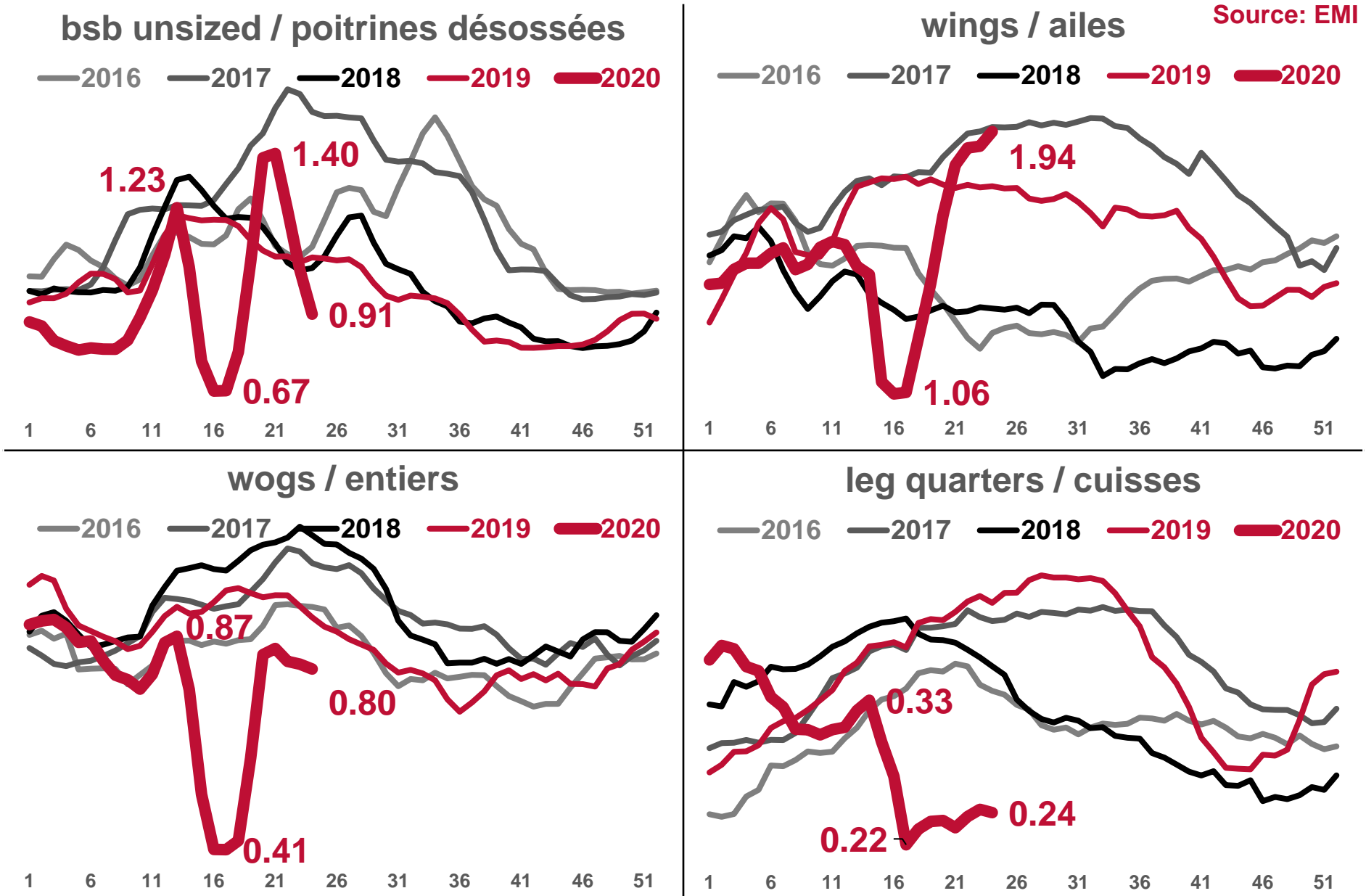
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 - 2021 – 96,1 (+1,5%)



US wholesale prices/prix de gros AMÉRICAINS (US\$/lb)

Source: EMI



BEEF / BŒUF

US

- » Production decreasing 1.8% in 2020 and increasing 3.4% in 2021
- » Frozen inventories up 14%
- » Exports decreasing at 3% (2020) and increasing at 7% (2021)
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CANADA

- » ytd production -10%

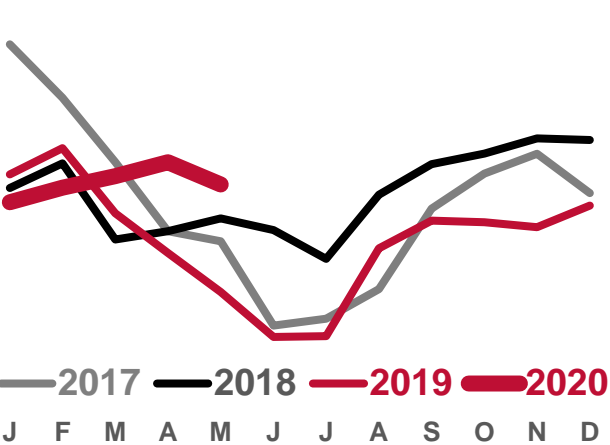
É.-U.

- » Production: baisse de 1,8% en 2020, hausse de 3,4% en 2021
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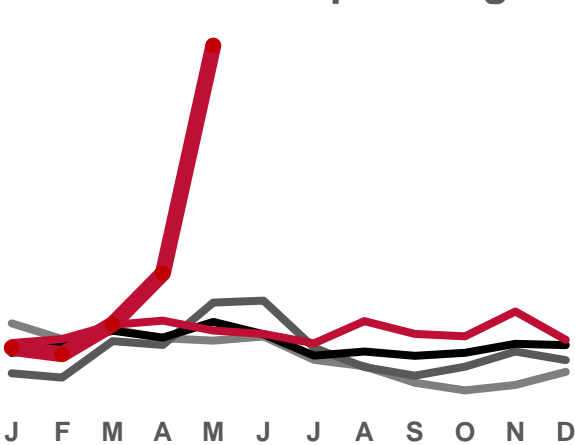
CANADA

- » production à date -10%

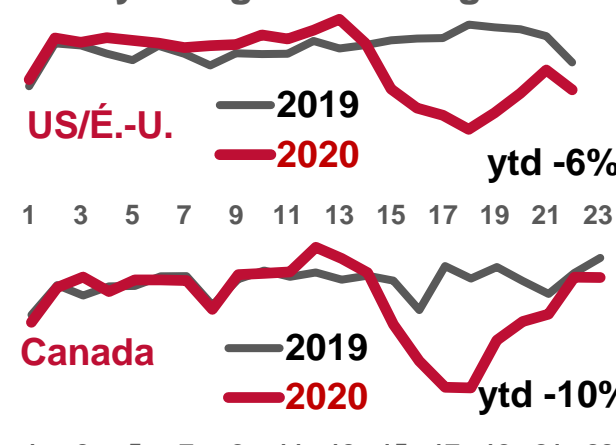
US frozen inventories/stocks



US beef cut-out/prix de gros



weekly slaughter abattage hebdo.



PORK / PORC

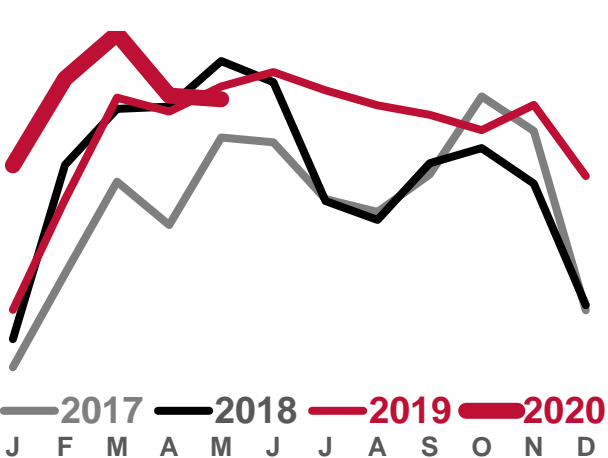
- US**
- » Production increasing 0.5% in 2020 and 1.7% in 2021
 - » Inventories down 1% over last year
 - » Exports increasing at 14% (2020) and 1% (2021)
 - » Per capita consumption (lbs)
 - » 2019 – 52.4 (+2.7%)
 - » 2020 – 50.4 (-3.8%)
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- É.-U.**
- » Production: hausse de 0,5% en 2020 et de 1,7% en 2021
 - » Stocks: réduction de 1%
 - » exportations augmentent à 14% (2020) et 1% (2021)
 - » Consommation par capita (lbs)
 - » 2019 – 52,4 (+2,7%)
 - » 2020 – 50,4 (-3,8%)
 - » 2021 – 50,8 (+0,8%)

- CANADA**
- » ytd production +5%

- CANADA**
- » production à date +5%

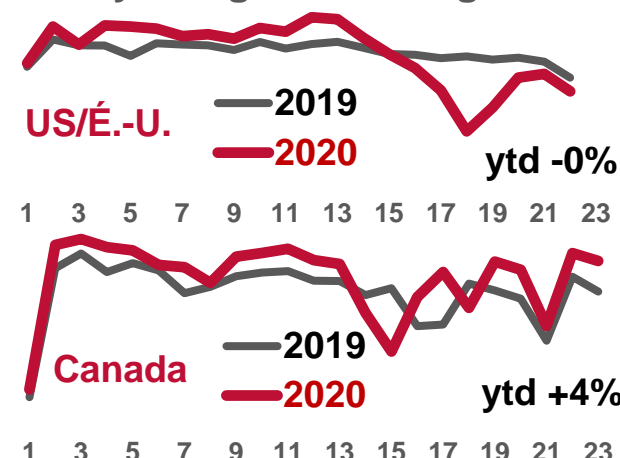
US frozen inventories/stocks



US pork cut-out/prix de gros



weekly slaughter abattage hebdomadaire



Feed outlook / perspectives sur les prix des grains

corn / maïs

CBOT:ZCU2020, D 336'6 ▲ +3'0 (+0.9%) O:335'6 H:337'6 L:335'6 C:336'6



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- » 2020/21 production 17% de plus qu'en 2019/20
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soybeans / soja

CBOT:ZSU2020, D 872'6 ▲ +3'2 (+0.37%) O:870'6 H:872'6 L:870'4 C:872'6



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POULET.CA | PRODUCTEURSDEPOULET.CA

