

In the matter of a Market Development Levy Assessment involving Simple Path Farms Poultry Ltd. and made pursuant to s. 11.1(2) and s. 13(2) of the *Canadian Chicken Marketing Levies Order*.

**CHICKEN FARMERS OF CANADA
AUGUST 2023 - BOOK OF DOCUMENTS**

CHICKEN FARMERS OF CANADA - BOOK OF DOCUMENTS

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February 6, 2023

Christopher Hobbs
Simple Path Farms and Poultry Ltd.
520 Rusholme Road
Welland, ON L3B 5N7

RE: Market Development Final Assessment Determination for period A-171, A-172 and A-173

Dear Mr. Hobbs,

This letter is with respect to Simple Path Farms and Poultry Ltd.'s ("**Simple Path**") request that the Chicken Farmers of Canada Board of Directors (the "**CFC Board**") waive or reduce the market levy assessment for marketing periods A-171, A-172 and A-173 on the grounds that Simple Path was unable to meet its market development commitments as a result of one or more force majeure events as set out in the Force Majeure Guidelines (the "**Guidelines**"), being Annex 1 to the CFC Market Development Policy (the "**Policy**").

This matter was heard by the CFC Board on January 18, 2023, with presentations being made by Chicken Farmers of Canada Staff ("**CFC Staff**") and by Simple Path.

After having considered the materials filed by the parties and their respective submissions at the January 18th hearing, the CFC Board has decided to deny Simple Path's request for the reasons set out below.

Background

Simple Path received market development quota for the periods A-171, A-172 and A-173 pursuant the Policy. Based on audits completed by CFC's third-party auditor, CFC Staff advised Simple Path on July 25, 2022, that it did not meet its market development commitments for the A-171, A-172 and A-173 periods and, thus, it had marketed other than in accordance with the Policy and the

Canadian Chicken Licensing Regulations. On that basis and in accordance with the Policy, the CFC Staff determined that the following levies that are payable by Simple Path:

Period	Revised Commitment	Marketings		Levies			Total Levy
		Periodic Marketings	Under Marketings (1 st Tier)	Under Marketings (2 nd Tier)	Levy @ \$1.00/kg	Levy @ \$0.60/kg	
A-171	250,000	0		125,000	\$125,000	\$75,000	\$200,000
A-172	250,000	0	250,000	250,000	\$250,000	\$150,000	\$400,000
A-173	250,000	125,000	250,000	250,000	\$250,000	\$150,000	\$400,000
Total							\$1,000,000

(Commitments expressed in live weight (kg) and Marketings expressed in live weight equivalent (kg))

Based on Simple Path's presentation at the January 18th hearing, the CFC Board understand that Simple Path does not dispute the allegation that it did not meet its market development commitments for the A-171, A-172 and A-173 periods and that it does not dispute the manner in which CFC Staff calculated the quantum of the levy.

Rather, Simple Path submits that it should be relieved from paying all or part of the assessed levy.

Force Majeure Guidelines

The Guidelines confirm that a market development licensee is not obliged to remit some or all of the levies assessed where a force majeure event applies to justify the failure or inability to market in a manner other than in accordance with the Policy, the *Canadian Chicken Licensing Regulations* and the *Canadian Chicken Marketing Quota Regulations*.

To be a force majeure event, the alleged event must satisfy all of the following preconditions:

- a) the event alleged must render the performance of the market development licensee's commitment to market the market development product as required by the Policy and Regulations impossible, not just difficult;
- b) the event must not be reasonably foreseeable; and
- c) the event must be beyond the market development licensee's control.

The Guidelines go on to provide more nuanced guidance regarding the way in which the CFC Board should interpret and apply the preconditions noted above.

Simple Path's Claims that Force Majeure Applies

Based on the materials filed and the submissions made at the hearing (including in response to questions from the CFC Board), the CFC Board understands Simple Path's position to be that it wanted to comply with its obligations under the Policy but was unable to meet its commitments due to a variety of factors, including:

- a) The domestic market being under supplied due to avian influenza and related chick shortage.
- b) Simple Path attempted to purchase product but was unable to do so and, as a related point, it had a contract with [REDACTED] for the purchase of 12 loads of legs that were to be exported under the Policy. Apparently, this product was not eligible for export. Simple Path did not provide any documentation or information at the hearing explaining why the product was not eligible for export.
- c) Simple Path sought permission from CFC Staff to count its export of wings dusted with spice towards its live weight equivalent. In this regard, the documents on the record before the CFC Board indicate that the Policy was amended in May of 2021 to further clarify what products are eligible under the Policy with the addition of text to Subsection 7.5.b of the Policy. The documents on the record indicate that Simple Path requested that its export of dusted wings count toward its commitments on or about October 12/13, 2021. On October 19, 2021, CFC Staff indicated that this will be discussed by the CFC's Policy Committee that was scheduled for early December 2021 but that until modifications are made to the Policy, Simple Path should proceed on the basis that the product is not eligible, and all commitments must be met using the products described in the current Policy. After the matter was considered by CFC's Policy Committee, CFC Staff advised Simple Path on December 17, 2021 that the product was not eligible. There is no indication that Simple Path challenged how CFC Staff interpreted and applied section 7.5.b of the Policy upon being advised that the dusted wings were not eligible under the Policy.
- d) Simple Path worked with another processor to have that processor's excess product (which was a kosher product) applied to Simple Path's market commitments under the Policy. According to Simple Path, it was "impossible" for it to obtain credit for these exports because the product could not be staged for export on Simple Path's loading dock and maintain its status as a kosher product. Simple Path states that it sought permission from CFC Staff to get credit against its commitment despite not being the exporter. The

submissions from CFC Staff indicate that this permission was sought via a phone call in early May 2022 (which is the last week of Period A-175). CFC Staff submit that the issue was not one that pertained to staging for export. Rather, the issue is that Simple Path was attempting to claim exports without having taken ownership of the product at the time they were marketed.

These Circumstances are not Force Majeure Events

The circumstances outlined by Simple Path (on their own or taken together) are not force majeure events. These circumstances are best described as market challenges or risks that accompany participating in the market development program or otherwise result from an application of the known rules set out in the Policy to a licensee participating in the market development program.

A tight domestic market may have rendered performance of Simple Path's commitment difficult. However, the requirement is that performance be rendered impossible by the alleged force majeure event. Simple Path did not provide evidence to demonstrate that its performance was rendered impossible.

There is insufficient information for the CFC Board to find that the alleged failure of [REDACTED] to deliver product that was eligible for export as being a force majeure event. All that is known is that [REDACTED] apparently did not deliver the expected product which apparently was contrary to the terms of the contract between [REDACTED] and Simple Path. An apparent or potential breach of the terms of a contract do not give rise to a force majeure event.

The fact that product described by Simple Path as being "lightly dusted with spices" did not qualify under the Policy and its inability to take credit for exports made by another processor are not force majeure events. These issues result from the application of the Policy to Simple Path.

At the hearing, Simple Path's counsel referred the CFC Board of Directors to *Dunn-Rite Food Products Ltd. v. Canada (Attorney General)*, [2007] F.C.J. No. 285 and to a 2004 Committee Report prepared by Farm Products Council of Canada. Neither of these documents are of assistance in demonstrating that Simple Path was prevented from meeting its obligations under the Policy as a result of one or more force majeure events.

The *Dunn-Rite* case dealt with the definition of "marketing", which is not at issue in the present matter.

The 2004 Committee Report does not have any bearing on the present matter. Overall, the 2004 Committee Report spoke to the need for the CFC have a clear policy when it came to the concept of force majeure. There is no allegation that the Force Majeure Guidelines are not clear. Rather, the

central allegation is that Simple Path would prefer that certain aspects of the Policy be applied in a different manner. Differences in views as to how the Policy should be interpreted and applied does not give rise to a force majeure event. Furthermore, the CFC Board notes that when Simple Path approached CFC Staff for direction on whether Simple Path's proposals were consistent with the Policy (e.g., the dusted wings and credit for exports made by another processor), CFC Staff provided guidance in a timely manner.

Conclusion

Sincerely,



Tim Klompmaker
Chair

cc: Alyssa Tomkins, counsel to Simple Path Farms and Poultry Ltd.
David Wilson, counsel to Chicken Farmers of Canada
Michael Laliberté, Executive Director of the Chicken Farmers of Canada

March 27, 2023

VIA EMAIL

Chris Hobbs
Vice President
Simple Path Farms Poultry Ltd.
520 Rusholme Rd.
Welland, ON, L3B 5N7

RE: Payment Request on MD Levies Assessed for Periods A-171, A-172 and A-173 – Board Decision

Dear Mr. Hobbs,

CFC has reviewed the request of Simple Path Farms Poultry Ltd. ("Simple Path") in its letter of March 13, 2023, to pay by instalment the market development levies assessed for the period of A-171, A-172, A-173. In accordance with subsection 11.2(3) of the *Canadian Chicken Marketing Levies Order*, Simple Path was required to remit these levies to CFC within 35 days of receipt of the final assessment determination for these levies (i.e. by March 13, 2023). However, since Simple Path sent its request prior to the deadline to remit these levies, Simple Path's market development licence was not suspended pursuant to subsection 9(4) of the *Canadian Chicken Licensing Regulations* pending the CFC Board of Directors consideration of Simple Path's request on March 23, 2023.

After considering Simple Path's request, CFC has decided that Simple Path may pay the levies owed for period A-171, A-172, A-173 in equal instalments over a period of 36 months. The terms of payment, including the amounts and dates for payments, are included in a payment schedule enclosed with this letter. Please note that the first payment, in the amount of \$37,920.25 will be due on May 1, 2023, with interest at prime +1%. Please also note that these payment terms apply only to the levies assessed against Simple Path for periods A-171, A-172, A-173. Should the prime rate of CFC's Bank change, CFC will notify Simple Path in writing and provide a revised payment schedule. Any levies which CFC may assess for Simple Path for any subsequent periods will be payable in accordance with subsection 11.2(3) of the *Canadian Chicken Licensing Regulations* unless otherwise determined by CFC.

In the event that Simple Path fails to make a payment as required by the payment schedule, this failure will constitute non-compliance with subsection 11.2(3) and will cause the automatic suspension of Simple Path's market development licence. Please confirm acceptance of the foregoing by signing and returning this letter to CFC no later than April 3, 2023.

Should you have any questions in regard to the foregoing, please do not hesitate to contact Michael Laliberté.



Tim Klompaker
Chair

cc. Michael Laliberté, Executive Director
Lori Piché, Director of Finance

Simple Path Farms Poultry Ltd. agrees to make payments to CFC in accordance with the enclosed payment schedule and agrees that the failure to make a payment in accordance with the schedule will cause the market development licence of Simple Path Farms Poultry Ltd. to be automatically suspended in accordance with subsection 9(4) of the *Canadian Chicken Licensing Regulations*.

Signature: _____

Name: _____

Position: _____

Date: _____

Simple Path - A-171-A173 Market Development Levies Payment Schedule

Prime + 1%

7.70%

The bank prime rate increased to 6.70% effective Jan. 25, 2023

Payment Date	Principal	Interest	Payment due (Principal + Interest)	Balance Due
			\$	1,000,000.00
1-May-23	27,777.78	10,142.47	37,920.25	972,222.22
1-Jun-23	27,777.78	6,238.43	34,016.20	944,444.44
1-Jul-23	27,777.78	6,060.19	33,837.96	916,666.67
1-Aug-23	27,777.78	5,881.94	33,659.72	888,888.89
1-Sep-23	27,777.78	5,703.70	33,481.48	861,111.11
1-Oct-23	27,777.78	5,525.46	33,303.24	833,333.33
1-Nov-23	27,777.78	5,347.22	33,125.00	805,555.56
1-Dec-23	27,777.78	5,168.98	32,946.76	777,777.78
1-Jan-24	27,777.78	4,990.74	32,768.52	750,000.00
1-Feb-24	27,777.78	4,812.50	32,590.28	722,222.22
1-Mar-24	27,777.78	4,634.26	32,412.04	694,444.44
1-Apr-24	27,777.78	4,456.02	32,233.80	666,666.67
1-May-24	27,777.78	4,277.78	32,055.56	638,888.89
1-Jun-24	27,777.78	4,099.54	31,877.31	611,111.11
1-Jul-24	27,777.78	3,921.30	31,699.07	583,333.33
1-Aug-24	27,777.78	3,743.06	31,520.83	555,555.56
1-Sep-24	27,777.78	3,564.81	31,342.59	527,777.78
1-Oct-24	27,777.78	3,386.57		500,000.00
1-Nov-24	27,777.78	3,208.33	30,986.11	472,222.22
1-Dec-24	27,777.78	3,030.09	30,807.87	444,444.44
1-Jan-25	27,777.78	2,851.85	30,629.63	416,666.67
1-Feb-25	27,777.78	2,673.61	30,451.39	388,888.89
1-Mar-25	27,777.78	2,495.37	30,273.15	361,111.11
1-Apr-25	27,777.78	2,317.13	30,094.91	333,333.33
1-May-25	27,777.78	2,138.89	29,916.67	305,555.56
1-Jun-25	27,777.78	1,960.65	29,738.43	277,777.78
1-Jul-25	27,777.78	1,782.41	29,560.19	250,000.00
1-Aug-25	27,777.78	1,604.17	29,381.94	222,222.22
1-Sep-25	27,777.78	1,425.93	29,203.70	194,444.44
1-Oct-25	27,777.78	1,247.69	29,025.46	166,666.67
1-Nov-25	27,777.78	1,069.44	28,847.22	138,888.89
1-Dec-25	27,777.78	891.20	28,668.98	111,111.11
1-Jan-26	27,777.78	712.96	28,490.74	83,333.33
1-Feb-26	27,777.78	534.72	28,312.50	55,555.56
1-Mar-26	27,777.78	356.48	28,134.26	27,777.78
1-Apr-26	27,777.78	178.24	27,956.02	0.00
	\$ 1,000,000.00	\$ 122,434.14	\$ 1,122,434.14	



March 27, 2023

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Chris Hobbs
Vice President
Simple Path Farms Poultry Ltd.
520 Rusholme Rd.
Welland, ON, L3B 5N7

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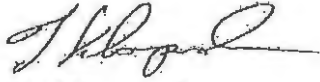
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In the event that Simple Path fails to make a payment as required by the payment schedule, this failure will constitute non-compliance with subsection 11.2(3) and will cause the automatic suspension of Simple Path's market development licence. Please confirm acceptance of the foregoing by signing and returning this letter to CFC no later than April 3, 2023.

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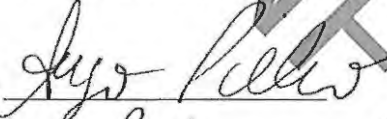
Regards,



Tim Klompmaker
Chair

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Lori Piché, Director of Finance

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Signature: 

Name: Augusto Pinho

Position: Owner / President

Date: April 10/2023

Simple Path - A-171-A173 Market Development Levies Payment Schedule

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\$	1,000,000.00	\$ 122,434.14	\$ 1,122,434.14	



CFC MARKET DEVELOPMENT POLICY

Adoption May 16, 2007

Amended May 5, 2021

1. OBJECTIVES

- 1.1 To provide a national framework administered by the Chicken Farmers of Canada (hereafter CFC) within which provincial commodity boards can develop and manage their provincial Market Development programs to benefit Canadian chicken producers.
- 1.2 To facilitate the planned use of chicken and chicken products in a manner which does not disrupt the Canadian domestic market, and is consistent with Canada's international trade rights and obligations.

2. DEFINITIONS

"chicken" means chicken and any part of a chicken, live or in processed form, produced in Canada and marketed in interprovincial or export trade.

"dry weight" means the weight of the meat muscle in the product.

"licence" means a document issued by CFC to a person certifying that the person is a licensee or licence holder.

"market development commitment form" means the form set out in Schedule 1 of the *Canadian Chicken Licensing Regulations*.

"market development commitment period" means the period that spans the following three periods:

- a) the period referred to in section 1 of the market development commitment form;
- b) the period referred to in the schedule to the

POLITIQUE D'EXPANSION DU MARCHÉ DES PPC

Adopté le 16 mai 2007

Modifié le 5 mai 2021

1. OBJECTIFS

- 1.1 Fournir un cadre national administré par les Producteurs de poulet du Canada (ci-après nommés les PPC) dans lequel les offices provinciaux de commercialisation peuvent développer et gérer leur propre programme d'expansion du marché dans l'intérêt des producteurs de poulet canadiens.
- 1.2 Faciliter la planification de l'utilisation du poulet et des produits à base de poulet afin de ne pas nuire au marché national du Canada et d'être conforme aux droits et obligations du Canada en matière de commerce international.

2. DÉFINITIONS

« Poulet » Poulet ou à toute partie de celui-ci, vivant ou sous forme transformée, qui est produit au Canada et commercialisé sur le marché interprovincial ou d'exportation.

« Poids sec » : le poids de la viande dans le produit.

« permis » : soit un document émis par les PPC à une personne et attestant qu'elle est détentricice d'un permis;

« formulaire d'engagement pour l'expansion du marché » : Le formulaire établi à l'annexe 1 du *Règlement sur l'octroi de permis visant les poulets du Canada*.

« période d'engagement pour l'expansion du marché » Période qui s'étend sur les trois périodes suivantes :

- a) la période visée à l'article 1 du formulaire d'engagement pour l'expansion du marché;
- b) la période visée à l'annexe du *Règlement canadien*

Canadian Chicken Marketing Quota Regulations that immediately precedes the period referred to in paragraph (a); and

- c) the period referred to in the schedule to the *Canadian Chicken Marketing Quota Regulations* that immediately follows the period referred to in paragraph (a).

"market development quota" means a form of quota allocation for allotment to producers by a Provincial Commodity Board pursuant to a provincial market development program that is in accordance with a market development policy developed by CFC.

"mature chicken" means a mature female bird of the species *Gallus domesticus* -
ible cartilage at the posterior end of the breast or keel bone, tender meat or soft skin of smooth texture.

"primary processor" means a processor who slaughters chicken that was produced and marketed under a federal market development quota issued under the *Canadian Chicken Marketing Quota Regulations*.

"registered production facilities" means production facilities that are registered under the laws of the province in which they are situated.

"spent fowl" means laying hens at end of egg production or breeders at end of breeding production.

"targeted quota allocation period" means the period referred to in section 1 of the market development commitment form.

3. GENERAL

- 3.1 The authority to establish a national Market Development Policy is consistent with CFC's mandate to regulate the production of chicken for interprovincial and export markets.

sur le contingentement de la commercialisation des poulets qui précède immédiatement la période visée à l'alinéa a), et

- c) la période visée à l'annexe du *Règlement canadien sur le contingentement de la commercialisation des poulets* qui suit immédiatement la période visée à l'alinéa a).

« contingent d'expansion du marché » : Forme d'allocation de contingents attribués aux producteurs par un office de commercialisation provincial en vertu d'un programme provincial d'expansion du marché et conformément à la politique d'expansion du marché élaborée par les PPC.

« poulet adulte » : volaille femelle adulte de l'espèce *Gallus domesticus* dont l'extrémité postérieure cartilagineuse du bréchet n'est pas flexible, dont la chair n'est pas tendre et dont la peau n'est ni souple ni de texture lisse.

« transformateur primaire » : Transformateur qui abat les poulets produits et commercialisés au titre d'un contingent fédéral d'expansion du marché alloué en vertu du *Règlement canadien sur le contingentement de la commercialisation des poulets*.

« installations de production agréées » : Installation de production agréées en vertu des lois de la province où elles sont situées.

« volaille de réforme » : Les pondeuses ayant atteint la fin du cycle de production d'œufs ou les volailles de reproduction en fin du cycle de reproduction.

« période d'allocation du contingent visée » Période visée à l'article 1 du formulaire d'engagement pour l'expansion du marché.

3. GÉNÉRALITÉS

- 3.1 Le pouvoir d'établir une politique d'expansion du marché est conforme au mandat des PPC de réglementer la production du poulet sur les marchés interprovincial et d'exportation.

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| <p>3.2 CFC's authority over processed chicken derives from the <i>Proclamation</i> which vests CFC with authority over chicken, as well as section 2 of the <i>Farm Products Agencies Act</i></p> | <p>3.2 Le pouvoir des PPC de réglementation de la commercialisation des produits transformés de poulet lui est conféré en vertu des dispositions de la <i>Proclamation</i> qui autorisent les PPC à réglementer le poulet, ainsi que des dispositions de la <i>Loi sur les offices des produits agricoles</i> qui stipulent que les produits agricoles incluent les produits transformés.</p> |
| <p>3.3 The authority to establish licensing controls is traceable particularly to section 12(1) of the <i>Proclamation</i> which authorizes CFC to establish a system for the licensing of persons engaged in the marketing of chicken in interprovincial or export trade. Each provincial commodity board has parallel licensing authority in respect of the marketing of chicken within the province.</p> | <p>3.3 Le pouvoir d'établir des contrôles d'octroi des permis relève notamment de l'article 12(1) de la <i>Proclamation</i> qui permet aux PPC d'établir un système d'octroi de permis aux personnes qui se livrent à la commercialisation du poulet dans le commerce interprovincial et d'exportation. Chaque office de commercialisation provincial possède un pouvoir d'octroi de permis semblable en ce qui concerne la commercialisation du poulet à l'intérieur de la province.</p> |
| <p>3.4 The levy-making power of CFC and each provincial commodity board together extends to imposing levies or charges on persons engaged in the marketing of chicken in intraprovincial, interprovincial and export trade, and the classification of such persons into groups.</p> | <p>3.4 Le pouvoir d'imposition des redevances des PPC et de chaque office de commercialisation provincial s'étend ensemble à l'imposition de redevances ou de frais aux personnes qui se livrent à la commercialisation du poulet dans le commerce intraprovincial, interprovincial et d'exportation, de même qu'à la classification de ces personnes en groupes.</p> |
| <p>3.5 The CFC Market Development Policy is also consistent with the commitment of the provincial commodity boards to limit production to the provincial allocation received from CFC.</p> | <p>3.5 La politique d'expansion du marché des PPC est aussi conforme à l'engagement des offices de commercialisation provinciaux de limiter la production à l'allocation provinciale reçue des PPC.</p> |
| <p>3.6 Market Development production may be marketed in intraprovincial, interprovincial or export trade.</p> | <p>3.6 Les produits de poulet seront mis en marché dans le commerce intraprovincial, interprovincial ou d'exportation.</p> |
| <p>3.7 This policy will enter into force commencing January 1, 2002 and may be amended from time to time.</p> | <p>3.7 La présente politique entrera en vigueur à compter du 1^{er} janvier 2002 et pourra être modifiée de temps à autre.</p> |
| <p>3.8 While provincial Market Development programs may vary, all provincial programs and related regulations are related regulations upon entry into force of the latter. All provincial programs and related regulations implemented after the entry into force of the CFC Market Development Policy are to conform to the CFC Market Development Policy and related regulations at the time of their entry into force. On an annual basis, CFC will review all of the provincial market development policies in place to ensure that they conform to CFC's Policy and, if needed, will coordinate the changes required.</p> | <p>3.8 Bien que les programmes provinciaux d'expansion du marché puissent varier, tous les programmes provinciaux et les règlements connexes doivent être conformes à la politique d'expansion du marché des PPC, et ce, dès son entrée en vigueur. Tous les programmes provinciaux et les règlements connexes appliqués après l'entrée en vigueur de la politique d'expansion du marché des PPC doivent être conformes à cette dernière au moment de leur entrée en vigueur. Chaque année, les PPC réviseront toutes les politiques provinciales d'expansion du marché pour s'assurer qu'elles se conforment à la politique des PPC et, au besoin, coordonner les changements nécessaires.</p> |

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| <p>3.9 This policy is designed to be consistent with Canada's international trade rights and obligations. It is understood that this policy may require revision as these rights and obligations are amended or changed.</p> <p>3.10 This policy shall remain in force until otherwise amended or revoked.</p> <p>4. RESPONSIBILITIES OF PROVINCIAL COMMODITY BOARDS</p> <p>4.1 The responsibilities of each provincial commodity board will be to:</p> <p>4.1.a (i) implement a program, if they so choose, and follow the provisions of the CFC Market Development Policy, the <i>Canadian Chicken Licensing Regulations</i>, the <i>Canadian Chicken Marketing Quota Regulations</i> and the <i>Canadian Chicken Marketing Levies Order</i>, and</p> <p style="padding-left: 40px;">(ii) ensure that a system is in place at the provincial level to determine the exact amount of product which has been produced under the Market Development Policy;</p> <p>4.1.b ensure that Market Development production is only undertaken by regulated chicken producers;</p> <p>4.1.c ensure that Market Development production is only marketed to a federally inspected primary processor holding a valid market development licence;</p> <p>4.1.d monitor chicken marketings to ensure that chicken produced and marketed under a market development program is marketed by the processor in a manner and for an end-use consistent with this Policy;</p> <p>4.1.e ensure that the allotment of Market Development quota does not exceed the number of kilograms, expressed in live weight, set out in column 3 of the schedule to the <i>Canadian Chicken Marketing Quota Regulations</i> in respect of the province for the quota allocation period concerned.</p> | <p>3.9 La présente politique est conçue conformément aux droits et obligations du Canada en matière de commerce international. Il est entendu que cette politique peut être révisée à la suite de la modification de ces droits et obligations.</p> <p>3.10 La présente politique demeurera en vigueur jusqu'à ce qu'elle soit modifiée ou annulée</p> <p>4. RESPONSABILITÉS DES OFFICES DE COMMERCIALISATION PROVINCIAUX</p> <p>4.1 La responsabilité de chaque office de commercialisation provincial sera :</p> <p>4.1.a (i) de mettre en oeuvre un programme, s'il le désire, et qui se conforme à la politique d'expansion du marché des PPC, au <i>Règlement sur l'octroi de permis visant les poulets du Canada</i>, au <i>Règlement canadien sur le contingentement de la commercialisation des poulets</i> et à l'<i>Ordonnance sur les redevances à payer pour la commercialisation des poulets au Canada</i>; et</p> <p style="padding-left: 40px;">(ii) de s'assurer qu'un système est en place à l'échelle provinciale afin de déterminer le niveau exact de production dans le cadre de la politique d'expansion du marché;</p> <p>4.1.b de veiller à ce que la production destinée à l'expansion du marché soit uniquement assumée par les producteurs réglementés de poulet;</p> <p>4.1.c de veiller à ce que la production destinée à l'expansion du marché soit seulement vendue à un transformateur primaire soumis à l'inspection fédérale et détenant un permis d'exportation en règle;</p> <p>4.1.d de surveiller les mises en marché du poulet afin que le poulet, produit et commercialisé en vertu d'un programme d'expansion du marché, soit mis en marché par le transformateur, et ce, conformément à la présente politique et en vue d'une utilisation finale respectant la présente politique;</p> <p>4.1.e de s'assurer que le contingent d'expansion du marché ne dépasse pas le nombre de kilogrammes, exprimé en poids vif, établi dans la colonne 3 du tableau du <i>Règlement canadien sur le contingentement de la commercialisation des poulets</i> pour la province et pour la période d'allocation concernée.</p> |
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| <p>4.1.f maintain good communication with CFC during all stages of the development of its Market Development program;</p> <p>4.1.g ensure a high level of transparency in the application of its Market Development program;</p> <p>4.1.h ensure that its Market Development program is consistent with Canada's international trade rights and obligations; and</p> <p>4.1.i file its Market Development program and related regulations with CFC, and notify CFC of any changes.</p> | <p>4.1.f de maintenir une bonne communication avec les PPC durant toutes les étapes de l'élaboration de son programme d'expansion du marché;</p> <p>4.1.g d'assurer un niveau élevé de transparence dans l'application de son programme d'expansion du marché;</p> <p>4.1.h de s'assurer que son programme d'expansion du marché est conforme aux droits et obligations du Canada en matière de commerce international;</p> <p>4.1.i de présenter son programme d'expansion du marché et ses règlements connexes aux PPC et de leur faire part de toute modification à ceux-ci.</p> |
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5. RESPONSIBILITIES OF CFC

5.1 The responsibilities of CFC are to:

- 5.1.a ensure the monitoring and auditing of all production under the CFC Market Development Policy, the *Canadian Chicken Licensing Regulations*, the *Canadian Chicken Marketing Quota Regulations* and the provincial Market Development programs;
- 5.1.b ensure that a system is in place at the provincial level to determine the exact amount of product, which has been produced for Market Development;
- 5.1.c monitor each province's Market Development program for compatibility of the provincial Market Development programs to the CFC's Market Development Policy; and
- 5.1.d identify and, as necessary, amend from time to time the end-uses of chicken eligible for market development quota pursuant to Article 6.1.d.

6. RESPONSIBILITIES OF MARKET DEVELOPMENT LICENCE HOLDERS

- 6.1 As a condition of requesting and receiving Market Development quota product under a provincial Market Development program, the federally inspected primary processor will:
- 6.1.a the *Canadian Chicken Licensing Regulations* and as

5. RESPONSABILITÉS DES PPC

5.1 Les responsabilités des PPC sont :

- 5.1.a d'assurer le suivi et la vérification de toute la production dans le cadre de la politique d'expansion du marché des PPC, du *Règlement sur l'octroi de permis visant les poulets du Canada*, du *Règlement canadien sur le contingentement de la commercialisation des poulets* et des programmes provinciaux d'expansion du marché;
- 5.1.b de s'assurer qu'un système est en place à l'échelle provinciale afin de déterminer le niveau exact de production destinée aux programmes d'expansion du marché;
- 5.1.c de surveiller le programme d'expansion du marché de chacune des provinces au sujet de la compatibilité des programmes provinciaux avec la politique d'expansion du marché des PPC; et
- 5.1.d d'établir les utilisations finales du poulet admissible au contingent d'expansion du marché, conformément à l'article 6.1.d., et de les modifier de temps à autre, au besoin.

6. RESPONSABILITÉS DES DÉTENTEURS DE PERMIS D'EXPANSION DU MARCHÉ

- 6.1 Comme condition à la demande et à la réception du contingent de produits aux fins d'expansion du marché dans le cadre d'un programme provincial d'expansion du marché, le transformateur primaire sujet à une inspection fédérale doit :
- 6.1.a détenir un permis d'expansion du marché en règle émis conformément au *Règlement sur l'octroi de permis*

required, hold a valid licence issued under equivalent provincial regulations;

6.1.b abide by the provisions contained in the CFC Market Development Policy, the *Canadian Chicken Licensing Regulations*, and the *Canadian Chicken Marketing Quota Regulations* or equivalent provincial regulations, as applicable, all as may be amended from time to time;

6.1.c only make a Market Development claim for chicken that was processed and marketed by the licence holder, including through arrangements permitted under Article 7.3, or product the licence holder has purchased, prior to the product being marketed, from another federally-inspected primary processor, and marketed by the licence holder, including through arrangements permitted under Article 7.3.

6.1.d be responsible to ensure that market development quota product is marketed in intraprovincial, interprovincial or export trade including through arrangements permitted under Article 7.3. If marketed in intraprovincial or interprovincial trade, shall only be dark meat chicken products for sale to persons issued a Market Development Policy Volume Confirmation letter by the responsible Federal Department. This volume confirmation letter shall only be issued for eligible chicken products described in Canada's schedule of commitments under the Harmonized System of tariff codes in chapters 16, 19, 20 and 21.

visant les poulets du Canada ou à des règlements provinciaux équivalents, selon le cas; et, au besoin, détenir un permis émis en vertu d'un règlement provincial équivalent.

6.1.b respecter les dispositions contenues dans la politique d'expansion du marché des PPC, le *Règlement sur l'octroi de permis visant les poulets du Canada* et le *Règlement canadien sur le contingentement de la commercialisation des poulets*, ou les règlements provinciaux équivalents, selon le cas; qui tous peuvent être modifiés de temps à autre.

6.1.c réclamer seulement que les produits visés par la politique d'expansion du marché, qui ont été transformés et exportés par le détenteur de permis, y compris les termes d'ententes autorisées à l'article 7.3 ou que les produits achetés antérieurement à la commercialisation des produits, par le détenteur de permis à un autre transformateur faisant objet d'une inspection fédérale, et exportés par le détenteur de permis, y compris les termes d'ententes autorisées à l'article 7.3.

6.1.d de s'assurer que les produits visés par le contingent d'expansion du marché sont commercialisés dans le commerce intraprovincial, interprovincial ou d'exportation. Les produits de poulet ne seront constitués que de viande brune et seront vendus aux personnes munies d'une lettre de confirmation de volume aux fins de la politique d'expansion du marché, émise par le ministère fédéral responsable. Cette lettre de confirmation de volume sera seulement émise dans le cas de produits à base de poulet admissibles, décrits dans l'annexe des engagements du Canada sous le Système harmonisé des codes de tarifs aux chapitres 16, 19, 20 et 21.

7. ALLOCATION OF MARKET DEVELOPMENT QUOTA PRODUCTION

- 7.1 In reporting its periodic market requirements to the CFC, each provincial commodity board will indicate the quantity of kilograms of production subject to market development quota required and the quantity of kilograms of production subject to federal and provincial quotas required for the quota allocation period. The CFC's periodic allocation to each provincial commodity board will be comprised of separate components including one for production subject to market development quota and one for production subject to federal and provincial quotas.
- 7.2 Market Development production is to be undertaken production facilities only. Producers participating in a Market Development program are to have the requisite registered production facilities available at the time of quota allotment.
- 7.3 Only federally inspected primary processors can request Market Development production from provincial commodity boards. Brokers, wholesalers, further processors and other parties are to make appropriate arrangements with primary processors for their Market Development requirements.
- 7.4 Provincial commodity boards will use the following specific procedures in administering their provincial Market Development programs:
- 7.4.a primary processors will request Market Development production product using the Market Development Commitment Form to the provincial commodity board according to a time frame determined by each provincial commodity board. In making their requests, primary processors will indicate the total live weight equivalent (in kilograms) of the chicken they plan to market under the Market Development program using the product coefficients specified in Article 7.5, as well as the approved end-use of the product as specified in Article 6.1.d;

7. ALLOCATION DU CONTINGENT DE PRODUCTION AUX FINS D'EXPANSION DU MARCHÉ

- 7.1 Lorsqu'il s'agit de transmettre ses besoins périodiques de marché aux PPC, chaque office de commercialisation provincial devra préciser la quantité de kilogrammes de production assujettie au contingent d'expansion du marché requise et la quantité de kilogrammes de production assujettie aux contingents fédéral et provincial requise pour l'allocation du contingent de la période. L'allocation périodique des PPC à chaque office de commercialisation provincial sera composée de deux composants distincts, un pour la production assujettie au contingent d'expansion du marché et un pour la production assujettie aux contingents fédéral et provincial.
- 7.2 La production aux fins d'expansion du marché relève des producteurs de poulet réglementés qui utilisent seulement des installations de production enregistrées. Les producteurs participant à un programme d'expansion du marché doivent, au moment de l'allocation du contingent, avoir accès aux installations de production enregistrées nécessaires.
- 7.3 Seuls les transformateurs primaires qui font l'objet d'une inspection fédérale peuvent demander la production aux fins d'expansion du marché auprès des offices de commercialisation provinciaux. Les courtiers, les grossistes, les sur transformateurs et les autres parties doivent prendre les mesures appropriées auprès des transformateurs primaires quant à leurs besoins d'expansion du marché.
- 7.4 Les offices de commercialisation provinciaux emploieront les procédures particulières suivantes lorsqu'il s'agit d'administrer leurs programmes provinciaux d'expansion du marché :
- 7.4.a les transformateurs primaires demanderont la production aux fins d'expansion du marché en présentant le formulaire d'engagement à l'expansion du marché à l'office de commercialisation provincial dans un délai établi par chacun des offices de commercialisation provinciaux. Au moment de passer leurs commandes, les transformateurs primaires préciseront le volume (en kilogrammes) en équivalence de poids vif de poulets qu'ils prévoient commercialiser dans le cadre du programme d'expansion du marché en appliquant les coefficients de chaque produit précisés dans l'article 7.5, de même que selon l'utilisation finale du produit approuvée, tel qu'il est indiqué dans l'article 6.1.d;

- 7.4.b based on the total of all primary processor commitments, a provincial commodity board will determine the production quota necessary to meet the processors' commitments for the Market Development program using the product coefficients specified in Schedule 2 of the *Canadian Chicken Licensing Regulations*;
- 7.4.c each provincial commodity board will forward all Market Development Commitment Forms to CFC no later than 7 calendar days prior to the day the national allocation is to be set;
- 7.4.d subject to a time frame determined by each provincial commodity board, a primary processor may reduce the amount of market development production requested provided the request is made prior to the start of the period specified in section 1 of the relevant Market Development Commitment Form by forwarding a revised Market Development Commitment Form to the provincial commodity board. The provincial commodity board in turn must forward the revised form to CFC prior to the start of the period specified in section 1 of the relevant Market Development Commitment Form;
- 7.4.e Market Development quota production is to occur in the targeted quota allocation period;
- 7.4.f actual marketing of the market development product is to occur in the targeted allocation period, or in either of the periods immediately preceding or following. In order to meet this condition, the licensee must have received a copy of the Market Development Policy Volume Confirmation letter issued by the responsible Federal Department of the Certificate of Inspection Covering Meat Products issued by the responsible Federal Department in respect or the chicken during the market development commitment period.
- Moreover, the licensee must retain the following documents which will be reviewed by CFC at the end of each market development commitment period:
- i) - sible Federal Department in respect of any chicken marketed in export trade under the licence;
- 7.4.b selon le total des engagements de tous les transformateurs primaires, l'office de commercialisation provincial déterminera le contingent de production requis pour répondre aux engagements d'expansion du marché prévus des transformateurs, en appliquant les coefficients, conformément à l'annexe 2 du *Règlement sur l'octroi de permis visant les poulets du Canada*;
- 7.4.c chaque office de commercialisation provincial devra faire parvenir aux PPC tous les formulaires d'engagement à l'expansion du marché au plus tard 7 jours civils avant l'établissement de l'allocation nationale;
- 7.4.d pouvant faire l'objet d'un échéancier fixé par chaque office de commercialisation provincial, un transformateur primaire peut réduire la quantité de production du marché d'expansion requise à condition que la demande en soit faite avant le début de la période précisée à l'article 1 du formulaire d'engagement pour l'expansion du marché en acheminant cette révision à l'office de commercialisation provincial. L'office de commercialisation provincial, en revanche, doit acheminer ce formulaire révisé aux PPC avant le début de la période précisée à l'article 1 du formulaire d'engagement pour l'expansion du marché pertinent;
- 7.4.e le contingent de production aux fins d'expansion du marché doit être produit durant la période visée d'allocation de contingent;
- 7.4.f la commercialisation des produits aux fins d'expansion du marché doit avoir lieu durant la période d'allocation visée ou encore durant la période qui précède ou qui suit immédiatement; pour respecter cette condition, le détenteur doit avoir reçu un exemplaire de la lettre de confirmation du volume de la Politique d'expansion du marché émise par le ministère fédéral responsable ou le certificat d'inspection des produits de la viande émis par le ministère fédéral responsable concernant le poulet pendant la période d'engagement d'expansion du marché.
- De plus, le détenteur de permis doit conserver les documents suivants qui seront examinés par les PPC à la fin de chaque période d'engagement pour l'expansion du marché :
- i) le formulaire de déclaration des exportations émis par le ministère fédéral responsable concernant tout poulet commercialisé à l'exportation en vertu du permis;

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| <ul style="list-style-type: none"> ii) the sales invoice of the licensee for the chicken marketed to buyers; iii) a copy of the Market Development Policy Volume Confirmation letter issued by the responsible Federal Department to the buyer; iv) the ship delivery slip of bill of lading for shipment of the chicken; v) the Certificate of Inspection Covering Meat Products or the Official Meat Inspection Certificate for fresh meat, meat by-products, meat food products and poultry products issued by the Canadian Food Inspection Agency in respect of the chicken marketed under the licence; vi) the declaration documentation received by the licensee according to Article 7.4.h of the Policy; vii) a third party auditable declaration establishing the dry weight and, by reference to section 1 of Schedule 2 of the <i>Canadian Chicken Licensing Regulations</i>, the product categories of any chicken referred to in section 2 of the Market Development Commitment form that has been marketed under the licence. viii) any other information relating to the marketing of chicken by the licensee that CFC or any Provincial Commodity Board designated or person designated by CFC may direct. | <ul style="list-style-type: none"> ii) les factures des ventes du détenteur pour le poulet commercialisé aux acheteurs; iii) un exemplaire de la lettre de confirmation du volume de la politique sur l'expansion du marché émise à l'acheteur par le ministère fédéral responsable; iv) le connaissement du navire ou du transporteur pour l'expédition du poulet; v) le Certificat d'inspection pour les produits carnés et le Certificat officiel d'inspection des viandes fraîches, sous-produits de viande, produits alimentaires à base de viande et produits avicoles émis par l'Agence canadienne d'inspection des aliments concernant le poulet commercialisé en vertu du permis; vi) les documents de déclaration reçus par le détenteur de permis conformément à l'alinéa 7.4.h de la politique; vii) une déclaration vérifiable d'un tiers établissant le poids sec et, par renvoi à l'article 1 de l'annexe 2 du <i>Règlement sur l'octroi de permis visant les poulets du Canada</i>, les catégories de produit pour tout poulet mentionné à l'article 2 du formulaire de l'engagement d'expansion du marché qui a été commercialisé en vertu d'un permis; viii) tout autre renseignement concernant la commercialisation de poulet par le détenteur de permis que les PPC ou tout office de commercialisation provincial a désigné ou toute personne désignée peut demander. |
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| <p>7.4.g in order to claim market development product against the licence holder's market development commitment, the market development product must have been processed and marketed by the licence holder, or marketed through arrangements permitted under Article 7.3, or purchased, prior to the product being marketed, from another federally-inspected primary processor and marketed by the licence holder, including through arrangements permitted under Article 7.3 and in accordance with Article 6.1.d; and</p> | <p>7.4.g pour réclamer les produits d'expansion du marché contre l'engagement d'expansion du marché du détenteur de permis, les produits aux fins d'expansion de marché doivent être transformés et commercialisés par le détenteur de permis ou commercialisés en vertu des termes d'ententes autorisées à l'article 7.3 ou doivent être achetés antérieur à la commercialisation des produits, du transformateur qui fait l'objet d'une inspection fédérale, et commercialisés par le détenteur de permis, y compris les termes d'ententes autorisées à l'article 7.3 et en accord avec l'article 6.1.d, et</p> |
| <p>7.4.h in order for a processor to make a market development commitment claim where the product has been purchased, prior to the product being marketed, from</p> | <p>7.4.h pour que les produits achetés, antérieur à la commercialisation des produits, à un autre transformateur de la province faisant l'objet d'une inspection fédérale,</p> |

another federally-inspected primary processor and

Policy, the processor must obtain a written declaration as specified in Schedule 3 of the *Canadian Chicken Licensing Regulations* that the processor from whom it purchased the product will not claim the product against its own market development commitment and must provide a copy of that declaration to the provincial commodity board.

- 7.4.i The following product coefficients will apply to production under all provincial market development programs; note that the weight of any cooked product will not be adjusted to account for shrinkage from its raw weight:

Description	Full Live Weight Coefficients
Live birds	100%
Whole eviscerated WOG	150%
Leg quarters	125%
Whole wings (3 joints)	150%
Bone-in breasts	200%
Boneless breasts	400%
Drums/thighs	125%
Boneless dark meat	200%
Split wings (2 joints)	175%

- 7.4.ii When whole birds are marketed with head, neck, feet and/or giblets, an adjustment will be made to the eligible weight to account for their inclusion, as these parts are not covered by the Market Development Policy. Since the head, neck, giblets and feet each weigh approximately 4% of the whole bird, for each of these parts included in the marketing, 4% would be deducted from the volume used against meeting the marketing commitment.

commercialisés par celui-ci, selon la présente politique, puissent être pris en compte dans son engagement d'expansion du marché, le transformateur doit obtenir du transformateur à qui il a acheté les produits une déclaration écrite comme spécifié à l'annexe 3 du *Règlement sur l'octroi de permis visant les poulets du Canada* que ce dernier ne réclamera pas les produits en question pour respecter son propre engagement d'expansion du marché et doit en remettre une copie à l'office de commercialisation provincial.

- 7.4.i Les coefficients suivants s'appliqueront à la production des provinces où l'on retrouve un programme d'expansion du marché ; il est à noter que le poids de tout produit cuit ne sera pas ajusté pour tenir compte de la freinte par rapport au poids du produit cru :

Description	Coefficients en poids vif
Poulet vivant	100 %
Entier éviscéré (sans abattis)	150 %
Quarts de cuisse	125 %
Ailes entières (3 articulations)	150 %
Poitrines non désossées	200 %
Poitrines désossées	400 %
Pilons/Hauts-de-cuisse	125 %
Viande brune désossée	200 %
Ailes fendues (2 articulations)	175 %

- 7.4.ii Lorsque des oiseaux entiers sont commercialisés avec la tête, le cou, les pattes et/ou les abats, un ajustement sera apporté au poids admissible pour tenir compte de leur inclusion, puisque ces parties ne sont pas couvertes par la Politique d'expansion du marché. Puisque la tête, le cou, les abats et les pattes représentent chacun environ 4 % du poids de l'oiseau entier, pour chacune de ces parties incluses dans la commercialisation, 4 % seraient déduits du volume utilisé pour vérifier si l'engagement en matière de commercialisation a été respecté.

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| <p>7.5 The above-noted full live weight coefficients may be revised from time to time by CFC.</p> | <p>7.5 Les coefficients entiers en poids vif mentionnés ci-dessus peuvent, de temps à autre, faire l'objet d'une révision de la part des PPC.</p> |
| <p>7.5.a Market Development quota will not be allocated for any chicken or chicken products that are derived from spent fowl or mature chicken.</p> | <p>7.5.a L'allocation de contingent d'expansion du marché ne sera pas accordée pour le poulet ou les produits à base de poulet qui proviennent de volailles de réforme ou poulet adulte.</p> |
| <p>7.5.b Market Development quota will only be allocated for the products specifically listed above. Any of the above listed products that are not sold as full muscle (with the exception of the removal of tenders and minor sizing) are ineligible for Market Development allocation. Tenders that have been removed from the breasts, and products marketed with other ingredients such as sauce or breading for example, are also ineligible.</p> | <p>7.5.b L'allocation de contingent d'expansion du marché sera seulement accordée pour les morceaux qui sont inscrits à la liste ci-dessus. Tout produit énuméré ci-dessus qui n'est pas vendu sous forme de muscle entier (à l'exception du retrait des filets de poitrine et d'ajustements mineurs à la dimension du produit) n'est pas admissible à une allocation pour l'expansion du marché. Les filets qui ont été retirés des poitrines et les produits commercialisés avec d'autres ingrédients tels que de la sauce ou de la chapelure, par exemple, ne sont également pas admissibles.</p> |
| <p>7.5.c The chicken meat component of mechanically separated meat (MSM) and meat processed by advanced meat recovery systems are ineligible for a market development allocation.</p> | <p>7.5.c La composante de viande de poulet de la viande séparée mécaniquement (VSM) et de la viande transformée par une technologie de pointe de récupération de la viande ne sont pas admissibles à une allocation pour l'expansion du marché.</p> |
| <p>7.6 The CFC Production Policy Committee will undertake an annual review of the product coefficients and make its recommendation on changes, if necessary, to the CFC Board of Directors.</p> | <p>7.6 Le Comité des politiques de production entreprendra un examen annuel des coefficients de produits et il fera sa recommandation sur les modifications, au besoin, aux Conseil d'administration des PPC.</p> |
| <p>8. LIMITATIONS</p> | <p>8. RESTRICTIONS</p> |
| <p>8.1 The Market Development quota allocation to each province will be capped at 16% of the domestic quota allocation to each province for the quota allocation period. The cap may be changed by the CFC Board of Directors by a double majority vote.</p> | <p>8.1 L'allocation du contingent d'expansion du marché à chaque province sera restreinte à un plafond de 16 p. 100 de l'allocation du contingent national de chaque province pour l'allocation du contingent de la période. Le plafond pourra être changer, au besoin, par le Conseil d'administration des PPC par un vote majoritaire et double.</p> |

9. MONITORING AND ENFORCEMENT

9.1 Each provincial commodity board will maintain records and proper documentation which will be available to CFC to monitor the quantities allotted to its regulated producers, the dates of slaughtering, and the actual volume and types of product utilized under its Market Development program for both the export and domestic market.

9.2 Market development licence holders are required to provide a monthly report to the CFC or the provincial commodity board, as applicable, on market development stocks being held in storage identified in auditable form by product intended for end-uses approved under Article 6.1.d.

9.3 Within 21 calendar days following the end of each production period, the licensee will submit a report to CFC containing the following information:

- i) description of product and the province in which the chicken was produced;
- ii) date of marketing;
- iii) eviscerated weight in kilograms;
- iv) live weight equivalent;
- v) any other information that may be requested by CFC; and
- vi) other information that may be required by the respective provincial commodity board.

Based on the information, CFC will undertake the audit of the documentation identified in 7.4.f at the primary processor's facility.

If for any reasons, CFC cannot review the documentation identified in 7.4.f at the primary processor's facility, at the request of CFC, the licensee will forward the documentation identified in 7.4.f to the provincial commodity board for review by CFC.

9.4 CFC and the provincial commodity boards will observe strict confidentiality in dealing with the documents outlined in Article 7.4f using them only for the purposes for which they are being provided.

9. APPLICATION ET SUIVI

9.1 Chaque office de commercialisation provincial conservera les dossiers et la documentation appropriée qui seront mis à la disposition des PPC afin de justifier les quantités émises aux producteurs détenant un permis, les dates d'abattage, le volume réel ainsi que les catégories de produit utilisé dans le cadre de son programme d'expansion du marché pour le marché de l'exportation et le marché intérieur.

9.2 Les détenteurs de permis d'expansion du marché seront tenus de présenter un rapport mensuel aux PPC ou à l'office provincial, suivant le cas, sur les stocks d'expansion du marché entreposés et établis, sous forme vérifiable, pour les produits destinés à des utilisations finales approuvées en vertu de l'article 6.1.d.

9.3 Dans les 21 jours civils suivant la fin de chaque période de production, le détenteur de permis soumettra un rapport aux PPC qui contiendra les renseignements suivants :

- i) la description du produit ainsi que de la province dans laquelle le poulet a été produit,
- ii) la date de commercialisation,
- iii) le poids éviscéré en kilogrammes,
- iv) le poids vivant équivalent,
- v) tout autre renseignement qui pourrait être exigé par les PPC, et
- vi) autre renseignement qui pourrait être exigé par l'office provincial de commercialisation concerné.

Selon les renseignements, les PPC feront une vérification de la documentation visée par l'article 7.4.f à l'installation principale du transformateur.

Si pour une raison quelconque, les PPC ne peuvent pas examiner la documentation visée à l'article 7.4.f à l'installation du transformateur primaire, à la demande des PPC, le détenteur de permis fera parvenir la documentation visée à l'article 7.4.f à l'office de commercialisation provincial aux fins d'examen par les PPC.

9.4 Les PPC et les offices de commercialisation provinciaux traiteront tous les documents cités dans l'article 7.4.f avec la plus grande confidentialité, les utilisant seulement aux fins nécessaires.

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| <p>9.5 In accordance with the levy rates indicated in Article 9.7, levies will be assessed by CFC or the provincial board, as applicable, on the total live weight equivalent, as calculated by the product coefficients, in respect of market development production marketed other than in accordance with this Policy and the applicable regulations.</p> | <p>9.5 Conformément aux taux de redevance indiqués à l'article 9.7, les redevances seront imposées par les PPC ou l'office provincial, selon le cas, en fonction de l'équivalence totale en poids vif, tel que calculé par les coefficients d'équivalence, pour toute production aux fins d'expansion du marché commercialisée d'une façon non conforme à la Politique et aux règlements applicables.</p> |
| <p>9.6 The levy will not be applied to kilograms from an allocation for Market Development which have not been produced and, consequently, a primary processor's commitment will be reduced by the amount of Market Development product requested that has not been produced.</p> | <p>9.6 La redevance ne sera pas appliquée aux kilogrammes provenant d'une allocation à l'expansion du marché qui n'aura pas été produite et, par conséquent, l'engagement d'un transformateur primaire sera réduit par la quantité destinée à l'expansion du marché et qui n'aura pas été produite.</p> |
| <p>9.7.a Failure to market the live weight equivalent as requested using the Market Development Commitment Form, as calculated by the product coefficients, in the targeted quota allocation period, the period immediately preceding or the period following to the buyers, for the end-uses and as one of the product categories specified in Article 6.1.d, will result in the assessment of a levy of \$1.00 per kilogram.</p> | <p>9.7.a Le défaut de commercialiser l'équivalence en poids vif tel que demandé à l'aide du formulaire d'engagement d'expansion du marché, tel que calculé par les coefficients d'équivalence, durant la période visée d'allocation d'un contingentement, la période qui précède immédiatement ou la période suivante pour ce qui est des acheteurs, pour les utilisations finales et comme une des catégories de produits précisées à l'article 6.1.d, entraînera l'évaluation d'une redevance de 1,00 \$ le kilogramme.</p> |
| <p>9.7.b The levy rate referred to in paragraph 9.7.a will increase by \$0.60 per kilogram (resulting in a total levy of \$1.60 per kilogram) on the total live weight equivalent of the market development production, as calculated by the product coefficients, if the marketing takes place two or more periods following the targeted quota allocation period.</p> | <p>9.7.b Le taux de redevance mentionné à l'alinéa 9.7.a augmentera la redevance de 0,60 \$ le kilogramme (entraînant une redevance totale de 1,60 \$ le kilogramme) sur l'équivalence totale en poids vif de la production d'expansion du marché, tel que calculé par les coefficients d'équivalence, si la commercialisation a lieu au moins deux périodes suivant la période visée d'allocation du contingentement.</p> |
| <p>9.7.c Marketing of market development product other than in accordance with this Policy and the applicable regulations in circumstances not covered by paragraph 9.7.a or 9.7.b will result in a levy assessment of \$1.60 per kilogram on the total live weight equivalent, as calculated by the product coefficients, for that market development production.</p> | <p>9.7.c La commercialisation de produits d'expansion du marché d'une façon non conforme à la Politique et aux règlements applicables dans des circonstances non couvertes par l'alinéa 9.7.a ou 9.7.b causera l'évaluation d'une redevance de 1,60 \$ le kilogramme sur l'équivalence totale en poids vif, tel que calculé par les coefficients d'équivalence, pour cette production d'expansion du marché.</p> |
| <p>9.8 CFC shall send a Notice of Assessment to the primary processor to advise of the results of the audit of marketings of market development product and the amount of levies payable. Payment of the levy as described in Article 9.7 is to be received by CFC within twenty (20) calendar days of a notice of assessment delivered to</p> | <p>9.8 Les PPC signifieront un Avis d'imposition au transformateur primaire afin de l'informer des conclusions de la vérification de la mise en marché des produits destinés à l'expansion du marché et du montant de la redevance à payer. Le paiement de la redevance comme indiqué à l'article 9.7, doit parvenir aux PPC dans les vingt (20)</p> |

the primary processor, unless the primary processor advises CFC in writing within the same twenty (20) day period that it intends to challenge the Notice of Assessment.

- 9.9 Within 30 days after the day on which the notice of assessment is received, the primary processor may dispute the notice by advising CFC of its intention in writing and, at the same time, (i) provide CFC with documents or information in writing upon which the primary processor relies to support its claim and (ii) advise CFC whether it wishes to have its claim dealt with by the CFC Board of Directors in writing, or whether it wishes to make oral representations to the CFC Board of Directors. The CFC Board of Directors will convene a meeting to make a final decision on the notice of assessment and the claim of the primary processor.
- 9.10 Following the meeting, the CFC Board of Directors shall issue a Final Assessment Determination stating its decision, including levies owed, if any. The primary processor must remit to CFC any levies owed within 35 days of the Final Assessment Determination, failing which automatic suspension of the market development licence under subsection 9(3) of the *Canadian Chicken Licensing Regulations*.
- 9.11 The net proceeds of levies collected under this Policy will be deposited in a Market Development and Promotion Fund to be set up and administered by CFC. The net proceeds from this fund are to be used to develop new markets for Canadian chicken, to promote increased consumption of Canadian chicken, or to develop new uses for Canadian chicken. Approval of funding for specific projects will be done jointly by CFC
- 9.12 Should a primary processor fail to comply with any condition of the market development licence, subject to the *Canadian Chicken Licensing Regulations*, CFC may suspend or revoke the primary processor's market development licence or refuse to issue or renew a market development licence.

jours suivants l'avis d'imposition envoyé au transformateur primaire, à moins que le transformateur primaire n'informe par écrit les PPC durant ladite période de vingt (20) jours qu'il entend contester l'Avis d'imposition.

- 9.9 Dans les 30 jours après réception de l'avis d'évaluation, le transformateur primaire peut aviser les PPC par écrit de son intention de le contester et fournir en même temps aux PPC (i) la documentation sur laquelle il compte pour appuyer son appel et (ii) indiquer aux PPC s'il souhaite que le Conseil d'administration des PPC traite sa contestation par écrit ou s'il entend faire des observations de vive voix au Conseil d'administration des PPC. Les PPC convoqueront une réunion du Conseil d'administration pour rendre une décision finale concernant l'Avis d'imposition et la contestation du transformateur primaire.
- 9.10 Au terme de la réunion, le Conseil d'administration des PPC rendra un Avis final d'imposition faisant état de sa décision et, le cas échéant, des redevances à verser. Le transformateur primaire doit verser aux PPC les redevances dues dans les trente-cinq (35) jours de signification de l'Avis final d'imposition, sinon le permis d'expansion du marché du détenteur sera automatiquement suspendu en vertu de l'alinéa 9(3) du *Règlement sur l'octroi de permis visant les poulets du Canada*.
- 9.11 Les recettes nettes des redevances perçues en vertu de la présente politique seront déposées dans un compte de promotion et d'expansion du marché qui sera créé et administré par les PPC. Les recettes nettes provenant de ce compte seront utilisées afin d'ouvrir de nouveaux marchés pour l'industrie canadienne du poulet et de promouvoir la consommation accrue de poulet canadien ou encore de créer de nouvelles façons d'utiliser le poulet canadien. L'approbation des fonds pour des projets particuliers se fera conjointement par les PPC et le Conseil canadien des transformateurs d'oeufs et de volailles.
- 9.12 À défaut de se soumettre aux conditions du permis d'expansion du marché, assujéti au *Règlement sur l'octroi de permis visant les poulets du Canada*, les PPC peuvent suspendre ou annuler le permis d'expansion du marché du transformateur primaire, ou refuser d'émettre ou de renouveler un permis d'expansion du marché.

9.13 CFC shall not suspend, revoke or refuse to issue or to renew a market development license where the licensee establishes that the failure to comply is due to a *force majeure* event that:

- a) rendered it impossible, through no fault of the licensee, for the licensee to market the chicken as per the Market Development Policy;
- b) was not reasonably foreseeable; and
- c) was beyond the control of the licensee. *Force majeure*

Guidelines are appended as Annex 1 to this policy.

10. IMPORTS FOR RE-EXPORT

10.1 Exported products under an import to reexport or duty deferral program are not eligible to meet a market development commitment. Similarly, exported products under the Market Development Policy are not eligible to meet the obligations of an import to re-export or duty deferral program. The data to reflect products imported for reexport will be that supplied by the responsible Federal Department.

11. EVALUATION PROCESS

- 11.1 This policy will be evaluated on an ongoing basis and fully reviewed at the same time as the annual review of the Operating Agreement of the Federal-Provincial Agreement.
- 11.2 The CFC will review provincial Market Development programs on an annual basis to determine compatibility with this Market Development Policy, and to exchange views on good practices and benefit from an exchange of lessons learned.

9.13 Les PPC ne suspendront pas, ni n'annuleront ou ne refuseront d'émettre ou de renouveler un permis d'expansion du marché lorsque le détenteur justifie que la non-conformité est attribuable à un événement de *force majeure* qui :

- a) a empêché le titulaire, sans faute de sa part, de commercialiser le poulet selon la politique d'expansion du marché;
- b) n'était pas raisonnablement prévisible; et
- c) était indépendant de la volonté du détenteur.

Vous trouverez, à l'Annexe 1 de la présente politique, les Lignes directrices concernant les cas de *force majeure*.

10. IMPORTATIONS AUX FINS DE RÉEXPORTATION

10.1 Les produits exportés dans le cadre d'un programme d'importation pour réexportation ou de report des droits ne sont pas admissibles pour répondre à un engagement d'expansion du marché. Dans le même ordre d'idées, les produits exportés aux termes de la Politique d'expansion du marché ne satisfont pas aux obligations d'un programme d'importation pour réexportation ou de report des droits. Les données sur les produits importés en vue d'une réexportation seront celles fournies par le ministère fédéral responsable.

11. PROCESSUS D'ÉVALUATION

- 11.1 La présente politique sera évaluée sur une base continue et étudiée en profondeur lors de l'évaluation annuelle de l'Entente opérationnelle de l'Accord fédéral-provincial.
- 11.2 Chaque année, les PPC évalueront les programmes provinciaux d'expansion du marché afin de déterminer leur compatibilité avec la présente politique d'expansion du marché ainsi que pour échanger des opinions sur les pratiques exemplaires et profiter des leçons apprises de part et d'autre.

ANNEX 1

Force majeure guidelines

The CFC Market Development Policy indicates that a market development licensee is not obliged to remit some or all of the levies assessed where a *force majeure* event justifies the quantity of market development product that has been marketed other than in accordance with the CFC Market Development Policy, the *Canadian Chicken Licensing Regulations* and the *Canadian Chicken Marketing Quota Regulations* (the "Policy and Regulations").

According to the Market Development Policy, a *force majeure* event must satisfy all of the following preconditions:

- a) the event alleged must render the performance of the market development licensee's commitment to market the market development product as required by the Policy and Regulations impossible, not just difficult;
- b) the event must not be reasonably foreseeable; and
- c) the event must be beyond the market development licensee's control.

When a primary processor becomes aware of a *force majeure* event that has and/or will affect the marketing of market development product it has committed to market, the primary processor is required to advise CFC immediately.

CFC Directors will take into account the following guidelines in assessing a *force majeure* claim made by a market development licensee under section 9.9 of the Market Development Policy.

1. Minor difficulties in the ability of a market development licensee to market the market development product it committed to market in accordance with the Policy and Regulations will not be sufficient to qualify as a *force majeure* event. As the words *force majeure* imply, the event must be of such a magnitude as to radically alter

ANNEXE 1

Lignes directrices concernant les Cas de *force majeure*

Il est stipulé dans la Politique d'expansion du marché des PPC qu'un détenteur de permis d'expansion du marché ne sera pas tenu de verser – en partie ou en totalité – les redevances imposées s'il peut faire la démonstration que c'est en raison d'un cas de *force majeure* qu'il a mis en marché une quantité de produits destinés à l'expansion du marché de façon non conforme à la Politique d'expansion du marché des PPC, au *Règlement sur l'octroi de permis visant les poulets du Canada* et au *Règlement canadien sur le contingentement de la commercialisation des poulets* (ci-après « la Politique et le Règlement »).

Aux termes de la Politique d'expansion du marché, pour qu'il y ait *force majeure*, les trois conditions préalables suivantes doivent être satisfaites :

- a) l'événement allégué doit rendre impossible – et non seulement difficile – pour le détenteur de permis d'expansion du marché de s'acquitter de son engagement de mettre en marché des produits destinés à l'expansion du marché tel que stipulé dans la Politique et le Règlement;
- b) l'événement ne doit pas être raisonnablement prévisible; et
- c) l'événement doit être indépendant de la volonté du détenteur du permis d'expansion du marché.

Quand un transformateur primaire constate qu'un cas de *force majeure* a entravé ou entravera la mise en marché des produits destinés à l'expansion du marché qu'il s'est engagé à commercialiser, il doit en informer sans tarder les PPC.

Le Conseil d'administration des PPC tiendra compte des lignes directrices suivantes en vue de déterminer, en vertu de l'article 9.9 de la Politique d'expansion du marché, le bien-fondé de l'invocation d'un cas de *force majeure* par un détenteur d'un permis d'expansion du marché.

1. Que le détenteur d'un permis d'expansion du marché éprouve des difficultés mineures à mettre en marché les produits destinés à l'expansion du marché qu'il s'est engagé à commercialiser en vertu de la Politique et du Règlement ne justifie pas l'invocation d'un cas de *force majeure*. Comme le sous-entend l'expression

the ability of the market development licensee to market the market development product it committed to market in accordance with the Policy and Regulations.

2. Recognizing that markets are subject to inherent risks and uncertainties, and given the flexibility built into the Market Development Policy in sections 7.4.d and 7.4.f, the "event" should be one that the market development licensee could not have anticipated or addressed through proper planning and diligence.
3. Consideration is to be given as to whether the alleged *force majeure* event makes marketing of either all or some portion of the market development product in accordance with the Policy and Regulations impossible rather than simply difficult. To qualify as a *force majeure* event, impossibility of performance is a prerequisite.
4. A market development licensee will have greater difficulty showing that an event cannot be reasonably foreseen if the event can be addressed through proper contingency planning (e.g., the flexibility provided in the Market Development Policy, and commercial arrangements which can be made with business associates).
5. Given the flexibilities built into the Market Development Policy, a market development licensee cannot properly claim *force majeure* if it has contributed to the event, either through its own actions or through inaction, including by failing to reduce its current or future market development commitment in a timely manner.
6. An extenuating circumstance must be the cause of the marketing other than in accordance with the Policy and Regulations to qualify as *force majeure*. Where an extenuating circumstance does qualify as a *force majeure*, it may be found that the extenuating circumstance was the cause of only a portion of the marketing other than in accordance with the Policy and Regulations by the market development licensee, in which case the amount of the levies to be remitted may be reduced, but not necessarily eliminated in their entirety.

force majeure, l'événement doit être grave au point où il entame radicalement la capacité du détenteur du permis d'expansion du marché de mettre en marché les produits destinés à l'expansion du marché qu'il s'est engagé à commercialiser en vertu de la Politique et du Règlement.

2. Reconnaissant que les marchés présentent des incertitudes et des risques inhérents et compte tenu de la souplesse prévue aux articles 7.4.d et 7.4.f de la Politique d'expansion du marché, il doit s'agir d'un « événement » que le détenteur du permis d'expansion du marché ne pouvait prévoir ou avec lequel il n'aurait pu composer même en planifiant et en agissant avec diligence.
3. Il faut déterminer si le cas de *force majeure* allégué a rendu impossible – et non simplement difficile – la mise en marché d'une partie ou de la totalité des produits destinés à l'expansion du marché en conformité avec la Politique et le Règlement. Pour qu'il y ait cas de *force majeure*, il doit y avoir, c'est une condition préalable, impossibilité de la part du détenteur de s'acquitter de son engagement.
4. Le détenteur d'un permis d'expansion du marché éprouvera davantage de difficulté à démontrer qu'un événement n'a pu être raisonnablement prévu s'il pouvait être évité grâce à une planification d'urgence appropriée (c.-à-d. la souplesse prévue dans la Politique d'expansion du marché et la prise possible d'arrangements avec des partenaires commerciaux).
5. Compte tenu de la souplesse prévue dans la Politique d'expansion du marché, un détenteur de permis d'expansion du marché ne peut invoquer un cas de *force majeure* s'il a contribué, par ses actes ou son défaut d'agir, à l'événement, y compris s'il n'a pas obtenu une réduction, en temps opportun, de ses engagements courants ou futurs d'expansion du marché.
6. Pour qu'il y ait cas de *force majeure*, des circonstances atténuantes doivent être à l'origine de la mise en marché non conforme à la Politique et au Règlement. Quand des circonstances atténuantes donnent lieu à un cas de *force majeure*, il se peut que ces circonstances n'expliquent qu'en partie la non-conformité de la mise en marché du détenteur de permis d'expansion du marché à la Politique et au Règlement. Le cas échéant, les redevances à payer pourront être réduites mais pas pour autant annulées.

Adopted by the CFC Board of Directors on July 14, 2005.

Adopté par le Conseil d'administration des PPC le 14 juillet 2005.

ANNEX 2

CFC Market Development Levy Assessment Procedures

Audit

- (1) CFC will audit the market development activities and documentation of each licence holder for each period which the market development commitment was completed, in conjunction with the audit of the provincial commodity boards pursuant to section 7.0 of the Monitoring and Enforcement Policy.
- (2) The licence holder may advise CFC in writing within 20 days of receipt of the CFC's Notice of Assessment under section 9.9 of the Market Development Policy that it intends to challenge the Notice of Assessment.
- (3) No new claims can be made by the affected the licence holder outside this 20-day limit.
- (4) The licence holder may provide CFC staff with additional information to support its claim for *force majeure* consideration no later than 2 weeks prior to the meeting where the case is to be heard by CFC Directors.

Assessment

- (5) In order to avoid any apprehension of bias, CFC Directors are not to seek or accept information, nor discuss licensing actions prior to their consideration by the CPC Board of Directors.
- (6) CFC staff will provide Directors with their final report and the written submissions by licence holders at the CFC Directors Only board meeting to consider licensing actions, not beforehand.

CFC staffs final report will provide an assessment of any *force majeure* claims made by licence holders.

ANNEXE 2

Procédures d'évaluation de l'imposition des redevances d'expansion du marché des PPC

Vérification

- (1) Les PPC vérifieront les activités d'expansion du marché et la documentation de chaque détenteur de licence pour chaque période pour laquelle l'engagement d'expansion du marché a été achevée, simultanément à la vérification des offices de commercialisation provinciaux en vertu de l'article 7.0 de la Politique d'application et de suivi.
- (2) Le détenteur de licence peut aviser les PPC par écrit dans les 20 jours après réception de l'Avis d'évaluation, en vertu du paragraphe 9.9 de la Politique d'expansion du marché, qu'il a l'intention de contester l'Avis d'évaluation.
- (3) Aucune nouvelle réclamation ne peut être faite par le détenteur de licence en question après l'échéance de ces 20 jours.
- (4) Le détenteur de licence peut fournir au personnel des PPC de l'information additionnelle à l'appui de sa réclamation pour considération de *force majeure* au plus tard dans les 2 semaines avant la réunion à laquelle les administrateurs des PPC examineront l'évaluation.

Évaluation

- (5) Afin de prévenir la crainte de parti pris, les administrateurs des PPC ne chercheront ni n'accepteront d'information, et ne discuteront pas des mesures d'attribution de licences avant qu'elles aient été examinées par le Conseil d'administration des PPC.
- (6) Le personnel des PPC remettra aux administrateurs son rapport final ainsi que les présentations écrites du détenteur de licence à la réunion des administrateurs seulement des PPC, consacrée aux mesures d'attribution de licences, et pas avant.
- (7) Le rapport définitif du personnel des PPC fournira une évaluation de la réclamation pour *force majeure* faite par le détenteur de licence.

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| <p>(8) Prior to the consideration of market development levy assessments, the Chairman will determine if any Directors are in a conflict of interest, following the procedures outlined in subsection 41.(3) of the CFC By-Laws.</p> | <p>(8) Avant l'examen de l'évaluation de l'imposition des redevances d'expansion du marché, le président déterminera s'il existe des conflits d'intérêts parmi les administrateurs, conformément aux procédures du paragraphe 41.(3) des Règlements généraux des PPC.</p> |
| <p>(9) Directors will then consider each licensing action.</p> | <p>(9) Les administrateurs étudieront ensuite chaque mesure d'attribution de licences.</p> |
| <p>(10) If the licence holder advised CFC in writing, pursuant to section 9.10 of the Market Development Policy, that it wished to make oral presentation to the CFC Board of Directors, the Chairman will ask up to two licence holder representatives who wish to participate in the assessment to come into the meeting.</p> | <p>(10) Si le détenteur de licence a avisé les PPC par écrit, conformément à l'article 9.10 de la Politique d'expansion du marché, qu'il désire faire une présentation verbale au Conseil d'administration des PPC, le président demandera à deux représentants détenteurs de licence qui désirent participer à l'évaluation d'assister à la réunion.</p> |
| <p>(11) Staff will present their report to Directors, including their assessment of any <i>force majeure</i> claims made by licence holders.</p> | <p>(11) Le personnel présentera son rapport aux administrateurs, y compris son évaluation de toute réclamation pour <i>force majeure</i> du détenteur de licence.</p> |
| <p>(12) Once CFC Directors, and the licence holder representatives, have heard the staff report, they may ask questions</p> | <p>(12) Lorsque les administrateurs des PPC et les représentants du détenteur de licence auront entendu le rapport du personnel, ils pourront poser des questions aux fins de clarification.</p> |
| <p>(13) The licence holder representatives will present their <i>force majeure</i> claim for consideration.</p> | <p>(13) Les représentants du détenteur de licence pourront présenter leur réclamation pour <i>force majeure</i>.</p> |
| <p>(14) Once CFC Directors and staff have heard the claim of the affected licence holder, they may ask questions of clarification.</p> | <p>(14) Lorsque les administrateurs et le personnel des PPC auront entendu la réclamation du détenteur de licence, ils pourront poser des questions aux fins de clarification.</p> |
| <p>(15) Once Directors are satisfied that they have heard enough evidence and clarification, the licence holder representatives will be asked to leave the meeting.</p> | <p>(15) Lorsque les administrateurs seront satisfaits des preuves et des points de clarification présentés, l'on demandera aux représentants du détenteur de licence de quitter la réunion.</p> |
| <p>(16) CFC Directors will consider the <i>force majeure</i> claim of the licence holder, including the CFC staff assessment and any information provided by the licence holder representatives.</p> | <p>(16) Les administrateurs des PPC étudieront la réclamation pour <i>force majeure</i> du détenteur de licence, y compris l'évaluation du personnel des PPC et l'information fournie par les représentants du détenteur de licence.</p> |
| <p>(17) In considering whether or not to accept a claim of <i>force majeure</i>, CFC Directors will be guided by CFC's <i>force majeure</i> guidelines approved on July 14, 2005.</p> | <p>(17) Pour considérer l'acceptation ou le refus d'une réclamation pour <i>force majeure</i>, les administrateurs des PPC respecteront les directives en matière de <i>force majeure</i> telles qu'approuvées le 14 juillet 2005.</p> |

Reporting

(18) Directors are not to communicate the result of their decisions outside of the CFC Board.

(19) CFC staff will prepare and circulate a report to stakeholders outlining the CFC Board's decisions within 5 calendar days.

Adopted by the CFC Board of Directors on February 9, 2004.

Présentation du rapport

(18) Les administrateurs ne divulgueront les résultats de leur décision à aucune personne hors du Conseil d'administration des PPC.

(19) Le personnel des PPC préparera le rapport sur la décision du Conseil et le distribuera aux intervenants dans les 5 jours civils suivants.

Adopté par le Conseil d'administration des PPC le 9 février 2004.



MARKET DEVELOPMENT POLICY GUIDELINES

Adoption 18/07/2001

Implementation 01/01/2002

Amended May 5, 2021

The purpose of the Market Development Policy is to encourage the planned use of Canadian chicken and chicken products and is designed not to disrupt the Canadian market. It also facilitates the balance of consumption between white and dark meat.

Under this policy, processors will request an allocation based on the Market Development Commitment Form to utilize an amount of chicken that they determine. This amount is then converted into a live weight equivalent. This market development production is performed on a voluntary basis by the producers in addition to their domestic allocation.

The allocation of this production occurs within the normal periodic allocation process that is set by CFC every eight weeks. The requirements to meet the qualification criteria are detailed below.

The detailed steps of the policy are attached for your reference.

WHO QUALIFIES FOR THE POLICY?

In order to qualify for the policy, you must meet the conditions detailed in section five of the Market Development Policy. The general criteria includes:

- 1/ Federally inspected primary processor
- 2/ Hold a valid CFC Market Development License
- 3/ Abide by the provisions in the CFC Market Development Policy, the *Canadian Chicken Licensing Regulations* and the *Marketing Quota Regulations*

POLITIQUE D'EXPANSION DU MARCHÉ LIGNES DIRECTRICES

Adopté 16/05/2007

Mise en vigueur 15/11/2007

Modifié le 5 mai 2021

La Politique d'expansion du marché a pour but de faciliter l'utilisation planifiée de poulets et de produits de poulet canadiens, tout en évitant de perturber le marché canadien. Elle vise aussi à équilibrer la consommation de viande blanche et de viande brune.

En vertu de cette politique, les transformateurs présentent une demande de contingent au moyen du Formulaire d'engagement d'expansion du marché en vue d'utiliser une quantité de poulet qu'ils fixent eux-mêmes. Cette quantité est ensuite transposée en équivalent poids vif. Les producteurs sont libres de produire ces poulets destinés à l'expansion du marché en excédent de leur contingent de marché intérieur.

L'allocation de cette production se fait dans le cadre du processus normal d'établissement des contingents périodiques, exercice auquel se livre les PPC aux huit (8) semaines. Les critères d'admissibilité sont exposés ci-dessous.

Sont présentées en annexe les étapes pour l'application de la présente politique.

QUI PEUT TIRER PROFIT DE CETTE POLITIQUE?

Pour tirer profit de cette politique, il faut se conformer aux conditions énoncées dans la section cinq de la Politique d'expansion du marché. Voici certains des critères généraux :

- 1/ Transformateur primaire dont l'usine est inspectée par le gouvernement fédéral
- 2/ Titulaire d'un permis valide d'expansion du marché des PPC
- 3/ Respect des dispositions de la Politique d'expansion du marché des PPC, du *Règlement sur l'octroi de permis visant les poulets du Canada* et le *Règlement canadien sur le contingentement du poulet*.

RESPONSIBILITIES OF THE PROVINCIAL COMMODITY BOARDS

The responsibilities of the provincial commodity boards are detailed in the Market Development Policy. These include:

- 1) Implement a provincial program if they desire, including any required regulations consistent with CFC's Market Development Policy and the corresponding federal regulations.
- 2) Ensure that the production is only undertaken by regulated chicken producers.
- 3) Ensure that the production undertaken within this policy is only marketed to a federally inspected primary processor holding a valid market development license.
- 4) Ensure that the allotment of market development quota does not exceed 16% of the provincial domestic allocation.
- 5) Maintain good communication with CFC during all stages of the development of its Market Development Program.
- 6) Ensure a high level of transparency in the application of the program.
- 7) File its Market Development Program and related regulations with CFC and notify CFC of any changes.
- 8) Ensure that the proper documentation is available to CFC, on request, to monitor the quantities allotted to its regulated producers, the dates of slaughtering, and the actual volume and types of product utilized under its Market Development program.
- 9) Collect the appropriate documentation from the processors for auditing and enforcement purposes.

RESPONSABILITÉS DES OFFICES PROVINCIAUX DE COMMERCIALISATION

Les responsabilités des offices provinciaux de commercialisation sont exposées dans la Politique d'expansion du marché. Il leur appartient, entre autres, de :

- 1) Mettre en oeuvre, s'ils le souhaitent, un programme provincial, y compris adopter un règlement conforme à la Politique d'expansion du marché des PPC et aux règlements fédéraux pertinents.
- 2) S'assurer que seuls les producteurs de poulet réglementés sont autorisés à entreprendre cette production.
- 3) S'assurer que la production découlant de l'application de la présente politique n'est commercialisée qu'auprès de transformateurs primaires dont les usines sont inspectées par le gouvernement fédéral et qui sont titulaires d'un permis valide d'expansion du marché.
- 4) S'assurer que le contingent d'expansion du marché attribué n'excède pas 16 % du contingent provincial de marché intérieur.
- 5) Bien communiquer avec les PPC à toutes les étapes de l'élaboration de son Programme d'expansion du marché.
- 6) Pratiquer un niveau de transparence élevé dans l'exécution du programme.
- 7) Faire tenir copie aux PPC du Programme d'expansion du marché et du règlement connexe et signifier aux PPC toutes les modifications qui y sont apportées.
- 8) S'assurer que, sur demande, tous les documents pertinents sont mis à la disposition des PPC aux fins du contrôle des quantités attribuées aux producteurs réglementés, des dates d'abattage, ainsi du volume et des types réels de produits utilisés dans le cadre du programme d'expansion du marché de l'office provincial.
- 9) Obtenir des transformateurs les documents pertinents aux fins de vérification et d'application.

PROCEDURE

The specific requirements for the issuance of a Market Development allocation are stipulated in section six of the Market Development Policy.

The Market Development Quota will be issued during the normal periodic allocation process that is set every eight weeks (approximately 14 weeks prior to the start of a period). The allocation to each province will be comprised of two separate components, being domestic quota and market development quota. The calculation of the live weight amount that the processor qualifies for will depend on the product being utilized. Examples of this are attached.

During this process the provincial commodity board is responsible for receiving Market Development allocation requests from eligible processors in their province. This information will be compiled from information on the Market Development Commitment form (attached) and submitted to CFC with their provincial market requirements approximately 15 weeks prior to the beginning of the production period. In addition to this, any subsequent reduction in a processor's commitment must also be forwarded to CFC.

PROCEDURE FOR NON-ICL MANUFACTURERS ELIGIBLE TO HAVE THEIR DARK MEAT REQUIREMENTS SUPPLIED UNDER THE MDP

1. **Non-ICL Needs** – Determination made by ITCan on an annual basis according to current Non-ICL application procedures.
2. **Assessment of needs for MDP** – Based on the TRQ allocation methodology, ITCan determines if the volume requested exceeds the TRQ level and special supplementary import permits are required. If the allocated volume exceeds the TRQ level, ITCan proceeds with advising the eligible Non-ICL users of dark meat of their qualification as part of their annual allocation notification.

PROCÉDURE

Les exigences particulières à l'attribution d'un contingent d'expansion du marché sont stipulées à la section six de la Politique d'expansion du marché.

L'attribution de contingents d'expansion du marché se fait dans le cadre du processus habituel d'établissement des contingents périodiques, exercice auquel se livrent les PPC aux huit semaines (environ 14 semaines avant le début de chaque période). Le contingent consenti à chaque province est subdivisé en deux volets distincts, à savoir un contingent intérieur et un contingent d'expansion du marché. Le calcul du poids vif auquel peut avoir droit un transformateur tient aux produits utilisés. Des exemples sont fournis en annexe.

Dans le cadre de ce processus, ce sont les offices provinciaux de commercialisation qui se chargent de la réception des demandes de contingent d'expansion du marché présentées par des transformateurs admissibles. Cette information est compilée à partir des renseignements consignés sur le Formulaire d'engagement d'expansion du marché (ci-joint) et transmise par les offices provinciaux aux PPC en même temps que leurs besoins de marché provinciaux, à savoir environ 15 semaines avant le début de chaque période de production. Aussi, toute réduction subséquente de l'engagement d'un transformateur doit être communiquée aux PPC.

PROCÉDURE À SUIVRE PAR LES FABRICANTS NON INSCRITS À LA LMIC POUR LEUR APPROVISIONNEMENT EN VIANDE BRUNE, EN VERTU DE LA PEM

1. **Besoins non visés par la LMIC** – Décision prise chaque année par CFCan conformément à la procédure courante concernant les produits non visés par la Liste des marchandises d'importation contrôlée (non-LMIC).
2. **Évaluation des besoins PEM** – En se reportant à la méthode d'allocation du CT, CFCan établit si le volume demandé excède le niveau du CT et si la délivrance de permis d'importation supplémentaires spéciaux s'impose. Si le volume attribué est supérieur au niveau du CT, c'est dans le cadre du processus annuel de notification de l'allocation que CFCan informe les utilisateurs non-LMIC admissibles de viande brune que leur demande a été accueillie.

3. **MDP Notification** – ITCan identifies the companies and quantity of products eligible for the MDP according to current procedures and advises Non-ICL applicants of the total quantity approved for them under the MDP. This volume is recorded in a special register at ITCan and CFC is notified on an annual basis of the eligible volume.
4. **Supply requests** – Non-ICL manufacturer will select a supplier (primary processor who is a registered MDP licence holder) who will submit the appropriate volume according to the CFC market development program through the periodic allocation process. The Non-ICL manufacturer will provide proof of a MDP approval by ITCan to the supplier, who will remit this to the provincial board for the periodic allocation.
5. **Use of MDP allocation** – No restriction throughout the year.
6. **Product availability** – If the product sought is not available from a domestic processor the Non-ICL manufacturer will notify ITCan who in turn will notify CFC and proceed with the sourcing process. Supplementary import permits will be issued if the requested product can not be sourced domestically.
7. **Price competitiveness** – If the product sought is not available from a processor at a price competitive with US product (landed price), the Non-ICL manufacturer will notify ITCan who in turn will notify CFC and proceed with the sourcing process. Supplementary import permits will be issued for the requested product if the sourcing has not provided a competitive¹ price.
8. **Compensation to the primary processor** – The primary processor will be allocated extra production based on the coefficient for the requested product. All other parts can be sold on the domestic market.
3. **Notification en vertu de la PEM** – CFCan identifie les entreprises et précise le volume de produits autorisé en vertu de la PEM en appliquant la procédure courante, et il informe les demandeurs non-LMIC du volume total approuvé à leur profit en vertu de la PEM. Ce volume est consigné dans un registre spécial à CFCan. Chaque année, les PPC sont informés du volume autorisé.
4. **Demandes d'approvisionnement** – Le fabricant non-LMIC choisit un fournisseur (un transformateur primaire enregistré titulaire d'un permis PEM) qui lui fournira, au moyen du processus des contingents périodiques, le volume autorisé en vertu du Programme d'expansion du marché des PPC. Le fabricant non-LMIC doit transmettre au fournisseur la preuve qu'il a obtenu une autorisation PEM de CFCan, preuve que le fournisseur doit faire tenir à son office provincial en prévision du processus d'attribution de contingents périodiques.
5. **Utilisation des contingents PEM** – Aucune restriction pendant l'année.
6. **Disponibilité des produits** – Si le produit demandé ne peut être obtenu d'un transformateur canadien, le fabricant non-LMIC en informe CFCan qui, lui, en informe les PPC et procède à la recherche de fournisseurs. Il y aura délivrance de permis d'importation supplémentaires s'il est impossible de se procurer le produit demandé au Canada.
7. **Compétitivité des prix** – S'il est impossible d'obtenir le produit demandé d'un transformateur à un prix compétitif par rapport au prix de produits américains (prix au débarquement), le fabricant non-LMIC en informe CFCan qui, lui, en informe les PPC et procède à la recherche de fournisseurs. Il y aura délivrance de permis d'importation supplémentaires du produit demandé s'il est impossible de repérer des fournisseurs pratiquant des prix compétitifs.¹
8. **Dédommagement du transformateur primaire** – Le transformateur primaire aura droit à un volume additionnel de production selon le coefficient du produit demandé. Tous les autres morceaux pourront être vendus sur le marché intérieur.

¹ The Landed price formula is based on a 12 week rolling average Urner Barry wholesale price (Northeast, boneless/skinless thigh meat, special trim) and then calculating the transportation costs, custom fees and exchange rate

¹ La formule du prix au débarquement est fondée sur la moyenne mobile, sur une période de 12 semaines, du prix de gros Urner Barry (nord-est, viande de haut de cuisse désossée et sans peau, parage spécial), prix qui est ensuite majoré des frais de transport et des droits de douanes et transposé, selon le taux de change, en dollars canadiens.

9. **Funding** – Farmers will supply birds under the same conditions as the Market Development Policy

10. **Monitoring and Enforcement** – This function will be the same as the Market Development Policy. Proof of marketings or eligible sales to an approved domestic Non-ICL manufacturer is required. In case of non-processor that has requested the MDP allocation.

11. **Review mechanism** – On-going review

If you have any questions concerning this policy please contact Yves Ruel at the CFC office.

9. **Financement** – Les producteurs fourniront les poulets aux mêmes conditions que celles énoncées dans la Politique d'expansion du marché.

10. **Application et suivi** – Cette fonction est identique à celle prévue dans la Politique d'expansion du marché. Il faut fournir une preuve commercialisation ou de vente admissible à un fabricant non-LMIC canadien autorisé. Si le transformateur primaire qui a présenté une demande de contingent PEM ne se conforme pas à ces exigences, il devra verser des redevances.

11. **Mécanisme d'examen** – Examen permanent

Si vous avez des questions concernant cette politique, veuillez communiquer avec Yves Ruel aux PPC.

MARKET DEVELOPMENT POLICY – EXAMPLES SCENARIOS FOR EACH PRODUCT

PRODUCTS	COEFFICIENTS	MEAT YIELD (ASA % OF WOG)
Live birds	100 %	147% (68% yield)
Whole eviscerated WOG	150 %	100%
Leg quarters	125 %	49.6%
Whole wings (3 joints)	150 %	13%
Bone-in breasts	200 %	30.2%
Boneless breasts	400 %	21.5%
Drums/thighs	125 %	35.5%
Boneless dark meat	200 %	27%
Split wings (2 joints)	175 %	10%

EXEMPLES – POLITIQUE D'EXPANSION DU MARCHÉ SCÉNARIOS PAR PRODUIT

PRODUITS	COEFFICIENT	RENDEMENT EN VIANDE (% DU WOG*)
Poulet vivant	100 %	147 % (rendement de 68 %)
Entier éviscéré (sans abattis)	150 %	100 %
Quarts de cuisse	125 %	49.6 %
Ailes entières (3 articulations)	150 %	13 %
Poitrines non désossées	200 %	30.2 %
Poitrines désossées	400 %	21.5 %
Pilons/Hauts-de-cuisse	125 %	35.5 %
Viande brune désossée	200 %	27 %
Ailes fendues (2 articulations)	175 %	10 %

When whole birds are marketed with head, neck, feet and/or giblets, an adjustment will be made to the eligible weight to account for their inclusion, as these parts are not covered by the Market Development Policy. Since the head, neck, giblets and feet each weigh approximately 4% of the whole bird, for each of these parts included in the marketing, 4% would be deducted from the volume used against meeting the marketing commitment; an example is provided below.

Example 1 – Processor plans to market 100,000 kgs of live birds

On the Market Development Commitment Form, the processor requests 100,000 kgs of live production.

$$100,000 \text{ kgs} \times 100\% = 100,000 \text{ kgs live weight equivalent}$$

To meet their Market Development commitment, the processor would, therefore, market the 100,000 kgs of live birds from Market Development production.

Example 2 – Processor plans to market 100,000 kgs of WOGs

On the Market Development Commitment Form, the processor requests 150,000 kgs of live production.

$$100,000 \text{ kgs} \times 150\% = 150,000 \text{ kgs live weight equivalent}$$

At a 68% yield, the 150,000 kgs live would produce about 102,000 kgs eviscerated. To meet their Market Development commitment, the processor would, therefore, market 100,000 kgs of WOGs from Market Development production and 2,000 kgs of WOGs could be marketed on the domestic market.

Example 3 – Processor plans to market 100,000 kgs of leg quarters

On the Market Development Commitment Form, the processor requests 125,000 kgs of live production.

$$100,000 \text{ kgs} \times 125\% = 125,000 \text{ kgs live weight equivalent}$$

At a 68% yield, the 125,000 kgs live would produce about 85,000 kgs eviscerated. At 49.6%, leg quarters from these birds would be about 42,200 kgs. To meet their Market Development commitment, the processor would, therefore,

Lorsque des oiseaux entiers sont commercialisés avec la tête, le cou, les pattes et/ou les abats, un ajustement sera apporté au poids admissible pour tenir compte de leur inclusion, puisque ces parties ne sont pas couvertes par la Politique d'expansion du marché. Vu que la tête, le cou, les abats et les pattes représentent chacun environ 4 % du poids de l'oiseau entier, pour chacune de ces parties incluses dans la commercialisation, 4 % seraient déduits du volume utilisé pour vérifier si l'engagement en matière de commercialisation a été respecté; un exemple est fourni ci-dessous.

Exemple 1 – Le transformateur entend commercialiser 100 000 kg de poulets vivants.

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 100 000 kg de poulets vivants.

$$100\,000 \text{ kg} \times 100\% = 100\,000 \text{ kg} - \text{équivalent poids vif}$$

Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 100 000 kg de poulets vivants à même sa production destinée à l'expansion du marché.

Exemple 2 – Le transformateur entend commercialiser 100 000 kg de WOG

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 150 000 kg de poulet vivant.

$$100\,000 \text{ kg} \times 150\% = 150\,000 \text{ kg} - \text{équivalent poids vif}$$

Au taux de rendement de 68 %, le 150 000 kg de poulets vivants donneront environ 102 000 kg de poulets éviscérés. Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 100 000 kg de WOG à même sa production destinée à l'expansion du marché. Il serait aussi autorisé à commercialiser 2 000 kg de WOG sur le marché intérieur.

Exemple 3 – Le transformateur entend commercialiser 100 000 kg de quartiers de cuisses

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 125 000 kg de poulets vivants.

$$100\,000 \text{ kg} \times 125\% = 125\,000 \text{ kg} - \text{équivalent poids vif}$$

Au taux de rendement de 68 %, les 125 000 kg de poulets vivants donneront environ 85 000 kg de poulets éviscérés. Au taux de rendement de 49,6 %, les quartiers de cuisses de ces poulets donneront environ 42 200 kg. Pour respecter son

market the 42,200 kgs of leg quarters from Market Development production and 57,800 kgs of leg quarters from their domestic production. In this scenario, the processor is essentially trading 57,800 kgs of leg quarters from their domestic production for 25,600 kgs of bone-in breasts and 11,100 kgs of whole wings from their Market Development production.

Example 4 – Processor plans to market 100,000 kgs of whole wings

On the Market Development Commitment Form, the processor requests 150,000 kgs of live production.

100,000 kgs x 150% = 150,000 kgs live weight equivalent

At a 68% yield, the 150,000 kgs live would produce about 102,000 kgs eviscerated. At 13%, whole wings from these birds would be about 13,250 kgs. To meet their Market Development commitment, the processor would, therefore, market the 13,250 kgs of whole wings from Market Development production and 86,750 kgs from their domestic production. In this scenario, the processor is essentially trading 86,750 kgs of whole wings from their domestic production for 50,600 kgs of leg quarters and 30,800 kgs of bone-in breasts from their Market Development production.

Example 5 – Processor plans to market 100,000 kgs of bone-in breasts

On the Market Development Commitment Form, the processor requests 200,000 kgs of live production.

100,000 kgs x 200% = 200,000 kgs live weight equivalent

At a 68% yield, the 200,000 kgs live would produce about 136,000 kgs eviscerated. At 30.2%, bone-in breasts from these birds would be about 41,100 kgs. To meet their Market Development commitment, the processor would, therefore, market the 41,100 kgs of bone-in breasts from Market Development production and 58,900 kgs from their domestic production. In this scenario, the processor is essentially trading 58,900 kgs of bone-in breasts from their domestic production for 67,500 kgs of leg quarters and 17,700 kgs of whole wings from their Market Development production.

engagement d'expansion du marché, le transformateur devrait donc commercialiser 42 200 kg de quartiers de cuisse à même sa production destinée à l'expansion du marché et 57 800 kg de quartiers de cuisses à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 57 800 kg de quartiers de cuisses de sa production destinée au marché intérieur contre 25 600 kg de poitrines avec os et 11 100 kg d'ailes entières de sa production destinée à l'expansion du marché.

Exemple 4 – Le transformateur entend commercialiser 100 000 kg d'ailes entières

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 150 000 kg de poulets vivants.

100 000 kg x 150 % = 150 000 kg – équivalent poids vif

Au taux de rendement de 68 %, les 150 000 kg de poulets vivants donneront environ 102 000 kg de poulets éviscérés. Au taux de rendement de 13 %, les ailes entières de ces poulets donneront environ 13 250 kg

du marché, le transformateur devrait donc commercialiser 13 250 kg d'ailes entières à même sa production destinée à l'expansion du marché et 86 750 kg d'ailes entières à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 86 750 kg d'ailes entières de sa production destinée au marché intérieur contre 50 600 kg de quartiers de cuisses et 30 800 kg de poitrines avec os de sa production destinée à l'expansion du marché.

Exemple 5 – Le transformateur entend commercialiser 100 000 kg de poitrines avec os

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 200 000 kg de poulets vivants.

100 000 kg x 200 % = 200 000 kg – équivalent poids vif

Au taux de rendement de 68 %, les 200 000 kg de poulets vivants donneront environ 136 000 kg de poulets éviscérés. Au taux de rendement de 30,2 %, les poitrines avec os de ces poulets donneront environ 41 100 kg. Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 41 100 kg de poitrines avec os à même sa production destinée à l'expansion du marché et 58 900 kg de poitrines avec os à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 58 900 kg de poitrines avec os de sa production destinée au marché intérieur contre 67 500 kg de quartiers de cuisses et 17 700 kg d'ailes entières de sa production destinée à l'expansion du marché.

Example 6 – Processor plans to market 100,000 kgs of boneless breasts

On the Market Development Commitment Form, the processor requests 400,000 kgs of live production.

100,000 kgs x 400% = 400,000 kgs live weight equivalent

At a 68% yield, the 400,000 kgs live would produce about 272,000 kgs eviscerated. At 21.5%, boneless breasts from these birds would be about 58,500 kgs. To meet their Market Development commitment, the processor would, therefore, market the 58,500 kgs of boneless breasts from Market Development production and 41,500 kgs from their domestic production. In this scenario, the processor is essentially trading 41,500 kgs of boneless breasts from their domestic production for 135,000 kgs of leg quarters and 35,400 kgs of whole wings from their Market Development production.

Example 7 – Processor plans to market 100,000 kgs of drums/thighs

On the Market Development Commitment Form, the processor requests 125,000 kgs of live production.

100,000 kgs x 125% = 125,000 kgs live weight equivalent

At a 68% yield, the 125,000 kgs live would produce about 85,000 kgs eviscerated. At 35.5%, drums/thighs from these birds would be about 30,200 kgs. To meet their Market Development commitment, the processor would, therefore, market the 30,200 kgs of drums/thighs from Market Development production and 69,800 kgs of drums/thighs from their domestic production. In this scenario, the processor is essentially trading 69,800 kgs of drums/thighs from their domestic production for 25,600 kgs of bone-in breasts, and 11,100 kgs of whole wings from their Market Development production.

Exemple 6 – Le transformateur entend commercialiser 100 000 kg de poitrines désossées

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 400 000 kg de poulets vivants.

100 000 kg x 400 % = 400 000 kg – équivalent poids vif

Au taux de rendement de 68 %, les 400 000 kg de poulets vivants donneront environ 272 000 kg de poulets éviscérés. Au taux de rendement de 21,5 %, les poitrines désossées de ces poulets donneront environ 58 500 kg. Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 58 500 kg de poitrines désossées à même sa production destinée à l'expansion du marché et 41 500 kg à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 41 500 kg de poitrines désossées de sa production destinée au marché intérieur contre 135 000 kg de quartiers de cuisses et 35 400 kg d'ailes entières de sa production destinée à l'expansion du marché.

**Exemple 7 –
100 000 kg de pilons/hauts de cuisse**

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 125 000 kg de poulets vivants.

100 000 kg x 125 % = 125 000 kg – équivalent poids vif

Au taux de rendement de 68 %, les 125 000 kg de poulets vivants donneront environ 85 000 kg de poulets éviscérés. Au taux de rendement de 35,5 %, les pilons/hauts de cuisse de ces poulets donneront environ 30 200 kg. Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 30 200 kg de pilons/hauts de cuisse à même sa production destinée à l'expansion du marché et 69 800 kg de pilons/hauts de cuisse à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 69 800 kg de les pilons/hauts de cuisse de sa production destinée au marché intérieur contre 25 600 kg de quartiers de cuisses, et 11 100 kg d'ailes entières de sa production destinée à l'expansion du marché.

Example 8 – Processor plans to market 100,000 kgs of boneless dark meat

On the Market Development Commitment Form, the processor requests 200,000 kgs of live production.

100,000 kgs x 200% = 200,000 kgs live weight equivalent

At a 68% yield, the 200,000 kgs live would produce about 136,000 kgs eviscerated. At 27%, boneless dark meat from these birds would be about 36,700 kgs. To meet their Market Development commitment, the processor would, therefore, market the 36,700 kgs of boneless dark meat from Market Development production and 63,300 kgs from their domestic production. In this scenario, the processor is essentially trading 63,300 kgs of boneless dark meat from their domestic production for 41,100 kgs of bone-in breasts and 17,700 kgs of whole wings from their Market Development production.

Example 9 – Processor plans to market 100,000 kgs of split wings

On the Market Development Commitment Form, the processor requests 150,000 kgs of live production.

100,000 kgs x 175% = 175,000 kgs live weight equivalent

At a 68% yield, the 175,000 kgs live would produce about 119,000 kgs eviscerated. At 10%, split wings from these birds would be about 11,900 kgs. To meet their Market Development commitment, the processor would, therefore, market the 11,900 kgs of split wings from Market Development production and 88,100 kgs from their domestic production. In this scenario, the processor is essentially trading 88,100 kgs of split wings from their domestic production for 59,000 kgs of leg quarters and 36,000 kgs of bone-in breasts from their Market Development production.

Exemple 8 – Le transformateur entend commercialiser 100 000 kg de viande brune désossée

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 200 000 kg de poulets vivants.

100 000 kg x 200 % = 200 000 kg – équivalent poids vif

Au taux de rendement de 68 %, les 200 000 kg de poulets vivants donneront environ 136 000 kg de poulets éviscérés. Au taux de rendement de 27 %, la viande brune désossée de ces poulets donnera environ 36 700 kg. Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 36 700 kg de viande brune désossée à même sa production destinée à l'expansion du marché et 63 300 kg de viande brune désossée à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 63 300 kg de viande brune désossée de sa production destinée au marché intérieur contre 41 100 kg de poitrines avec os et 17 700 kg d'ailes entières de sa production destinée à l'expansion du marché.

Exemple 9 – Le transformateur entend commercialiser 100 000 kg d'ailes coupées

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 175 000 kg de poulets vivants.

100 000 kg x 175 % = 175 000 kg – équivalent poids vif

Au taux de rendement de 68 %, les 175 000 kg de poulets vivants donneront environ 119 000 kg de poulets éviscérés. Au taux de rendement de 10 %, les ailes coupées de ces poulets donneront environ 11 900 kg. Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 11 900 kg d'ailes coupées à même sa production destinée à l'expansion du marché et 88 100 kg d'ailes coupées à même sa production destinée au marché intérieur. Dans ce scénario, le transformateur échange essentiellement 88 100 kg d'ailes coupées de sa production destinée au marché intérieur contre 59 000 kg de quartiers de cuisses et 36 000 kg de poitrines avec os de sa production destinée à l'expansion du marché.

Example 10 – Processor plans to market 100,000 kgs of bone-in breasts, but because of changed circumstances actually markets a combination of bone-in breasts, whole wings and leg quarters (Using the product coefficients, the total of the products marketed must add up to a live weight equivalent of 200,000 kgs requested)

On Market Development Commitment Form, the processor requests 200,000 kgs of live production.

$$100,000 \text{ kgs} \times 200\% = 200,000 \text{ kgs live weight equivalent}$$

At a 68% yield, the 200,000 kgs live would produce about 136,000 kgs eviscerated. At 30.2%, bone-in breasts from these birds would be about 41,100 kgs (82,200 kgs live weight equivalent). At 49.6%, leg quarters from these birds would be about 67,500 kgs (84,400 live weight equivalent). At 13%, whole wings from these birds would be about 17,700 kgs (26,500 kgs live weight equivalent). To meet their Market Development commitment, the processor would, therefore, market the 41,100 kgs of bone-in breasts, the 67,500 kgs of leg quarters and the 17,700 kgs of whole wings from Market Development production (193,100 kgs live weight equivalent) and 5,500 kgs (6,900 live weight equivalent) of leg quarters from their domestic production.

Example 11 – Processor plans to market 100,000 kgs of WOGs birds with head and neck attached. Given the inclusion of necks and heads, which each account for 4% of the birds' weight, the processor must deduct 8,000 kgs.

$$100,000 \text{ kgs} \times (2 \times 4\%) = 8,000 \text{ kgs.}$$

This adjustment must also be made when recording the marketings in CFC's online database, MyCFC.

On the Market Development Commitment Form, the processor requests 138,000 kgs of live production.

$$(100,000 \text{ kgs} - 8,000 \text{ kgs}) \times 150\% = 138,000 \text{ kgs live weight equivalent}$$

Exemple 10 – Le transformateur entend commercialiser 100 000 kg de poitrines avec os, mais, en raison de l'évolution de la situation, il commercialise en fait un volume constitué de poitrines avec os, d'ailes entières et de quartiers de cuisses. (En appliquant les coefficients des produits, le volume total commercialisé doit correspondre à l'équivalent poids vif des 200 000 kg de poulet demandés).

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 200 000 kg de poulets vivants.

$$100\,000 \text{ kg} \times 200\% = 200\,000 \text{ kg} - \text{équivalent poids vif}$$

Au taux de rendement de 68 %, les 200 000 kg de poulets vivants donneront environ 136 000 kg de poulets éviscérés. Au taux de rendement de 30,2 %, les poitrines avec os de ces poulets donneront environ 41 100 kg (82 200 kg – équivalent poids vif). Au taux de rendement de 49,6 %, les quartiers de cuisses de ces poulets donneront environ 67 500 kg (84 400 kg – équivalent poids vif). Au taux de rendement de 13 %, les ailes entières de ces poulets donneront environ 17 700 kg (26 500 kg – équivalent poids vif). Pour respecter son engagement d'expansion du marché, le transformateur devrait donc commercialiser 41 100 kg de poitrines avec os, 67 500 kg de quartiers de cuisses et 17 700 kg d'ailes entières à même sa production destinée à l'expansion du marché (193 100 kg – équivalent poids vif) et 5 500 kg (6 900 kg – équivalent poids vif) de quartiers de cuisses à même sa production destinée au marché intérieur.

Exemple 11 – Le transformateur entend commercialiser 100 000 kg d'oiseaux WOG avec le cou et la tête attachés. Compte tenu de l'inclusion des cous et des têtes qui représentent chacun 4 % du poids des oiseaux, le transformateur doit déduire 8 000 kg.

$$100\,000 \text{ kg} \times (2 \times 4\%) = 8\,000 \text{ kg.}$$

Cet ajustement doit également être apporté lorsque les commercialisations sont consignées dans MonPPC, la base de données en ligne des PPC.

Dans le Formulaire d'engagement d'expansion du marché, le transformateur demande 138 000 kg de poulet vivant.

$$(100\,000 \text{ kg} - 8\,000 \text{ kg}) \times 150\% = 138\,000 \text{ kg équivalent poids vif}$$

**Chicken Farmers of Canada
Minutes of the Open Board Meeting
May 11, 2011
Delta Hotel, Ottawa ON**

AGENDA

Directors reviewed the agenda for the May 11, 2011 Open Board meeting.

Motion: that the Agenda for the May 11 2011 Open Board meeting be approved as presented.

Moved by: Yvon Cyr

Seconded by: Mike Pickard

Carried.

MINUTES

Directors reviewed the minutes of the March 23, 2011 Open Board meeting.

Motion: that the minutes of the March 23, 2011 Open Board meeting be approved as presented.

Moved by: Barry Uytterlinde

Seconded by: Reg Cliche

Carried.

MARKET INFORMATION

CFC staff presented an overview of current market conditions. Highlights included:

- Imports are significantly higher in the first quarter of 2011 than in 2010, although still below pro rata, stocks have increased since January but are still below 2010 levels. Increases in supply are reflected in the 3.4% increase in domestic availability and disappearance.
- Leg and breast storage stock inventories have risen since early in the year, wing stocks have been surprisingly stable over the last months, and an increase in further processed stocks is assumed to be mostly wings and legs, as boneless skinless breast stocks are relatively unchanged.
- Wing wholesale prices really weak right now and close to 2008 levels
- Leg complex is still higher than in previous years (close to 2010, but over 07-09)
- Whole bird complex fluctuates a lot, is up from last year, although is difficult to track any trends here.
- Overall market composite – 3.21, is below last year (when prices were picking up) due to relative weakness in breast and wing prices, but is significantly higher than in 2008 (when numbers were low for whole year)
- Comparing US and Canadian prices, it was noted that breast and wing price peaks and lows track each other closely between countries; although last year the US market experienced drops in winter that never occurred in Canada,
- CPI indexes indicated that chicken prices are stable compared to beef and pork, both of which are trending up. Total food is showing increases for the last few months as well. Although Nielsen figures also indicate fairly flat pricing for chicken week to week, they do not show the same increases for beef and pork as the CPI for beef and pork does.

- Feed prices are still rising steadily; planting has been slow in the US and parts of Canada due to wet, cold conditions, although this will not necessarily translate into low yield. There is a lot of pressure in the US on the ethanol subsidy and corn used for ethanol instead of feed.
- Period A-106 includes Labour Day; base is 0.7% above last years' domestic production at approximately 150.9 Mkg. Stocks increased in the equivalent periods in both 2010 and 2009. Domestic and total production for the period has been fairly flat in past few years, following a big increase in 2007.
- USDA projects a 1.4% increase for 2011 chicken production, but current levels of eggs set and chicks placed indicate that this could be on the low side if the industry doesn't make cutbacks soon.
- Competing meat availability and consumption is expected to see another decrease in 2011, the only meat expected to increase in consumption in 2011 is chicken. Canadian pork liquidation has finally stabilized, is a portion of the total north American number but only a small part.
- Employment has increased in Canada by 1.7% since April 2010. The economy remains a challenge, and retailers might be hesitant to increase prices too much.

A-106 ALLOCATION

CPEPC noted that their members are facing a significant disruption from increased live prices resulting from rising feed costs. Barring a very strong corn crop in the US this year, prices are likely to rise further. CPEPC stressed that they hope to move wholesale up, and noted that the magnitude of change required will take the cooperation of the Board over multiple periods. They made a recommendation of 4% below base, with the intent to create an environment in which wholesale prices can move up over several periods. Since mid-2010, feed prices have risen almost 19 cents/kg and chick prices have risen 5-6 cents while wholesale prices remained stable. CPEPC would prefer to see less volatility in processor margins, and noted that a similar pattern is emerging to that which occurred in 2008, resulting in months of effort to correct the market. Comparing the present situation to that experienced in 2008, it was noted that the change in feed costs had been only temporary then, and ultimately had a positive impact. Now, however, prices are unlikely to drop again anytime soon.

FPPAC stated that due to a series of factors including high live prices, declining wholesale, and changes in retail and consumer behaviour with fewer features and more dark meat purchases, they have modified their outlook to adopt a reduction in supply approach. They noted that the industry is facing a challenge right now, with high grain prices, high energy costs, less disposable income in consumers, and a greater awareness of food-related health issues. It was felt that allocation is the only tool available to allow for the uptake of the grain price increases through the system, and that failure to do so could undermine industry stakeholders' competitiveness. They recommended a lower allocation into the fall, with an allocation of 2% below base, as a long-term management process, and noted that with their recommended cutback allocation for A-106, total allocation for 2011 would still be above last years' production.

EMI WHOLESALE PRICES

Express Markets Inc (EMI) has provided the chicken industry with weekly wholesale prices for commodity products, comprised of one market composite and complexes for breasts, wings, legs and whole birds, since July 2005. CFC staff explained that wholesale prices for back and necks are part of the overall EMI Market composite, contributing approximately 7% of the total. Both prices and volumes for these items are very volatile and so in 2007 EMI implemented a floor price of 15 cents for backs and

necks in an attempt to remove odd data and to mitigate the variability issue. In hindsight however, this may have filtered out too many transactions, leaving little information with which to calculate the backs and necks value. The weighted average price for backs and necks with the current floor price in place is significantly higher than if the same calculation were made without it.

The Policy Committee considered various options to address the issue, including leaving the price series unchanged, using a constant value for backs and necks, and using previous weeks' numbers for weeks when no reliable number is available. They determined that using a 52-week rolling weighted average backs and necks price, and removing the 15 cent floor price in the Market Composite calculation, would result in a more stable price, based on a significantly larger volume but still reflecting movements in the market place. They also decided that the change should be made retroactively, resulting in adjustment to the historic Market Composite calculations.

The Committee expressed their desire to maintain integrity of all stakeholders' confidence in EMI data series and noted that EMI indicated that there are no other products in the series that display the same issues as backs and necks do.

The overall impact of this change would be a 1% decrease from 2002 to present in the Market Composite price; trends will remain unchanged. It was noted that EMI will have to make significant changes to their database in order to facilitate this change, which will entail some costs.

Motion: that Directors approve an adjustment to the EMI Market Composite Price calculation regarding backs and necks at a cost of approximately US\$5,000 and amend the contract to require EMI to advise CFC of any issues with the data.

Moved by: Ian Hesketh

Seconded by: Luc Gagnon

Carried.

Action: CFC staff to communicate the Board's decision to EMI and have the change implemented immediately.

MDP LEVY

In light of the increasing spread between domestic and international dark meat prices, the Policy Committee was directed to review the MDP levy rate to ensure market development production is marketed in accordance with the Market Development Policy.

The Committee reviewed the effectiveness of the current levy rate, and considered comments from the provincial boards and downstream stakeholders; and although many did not suggest a specific value for the levy, support for a change was evident. Members discussed different levy rates and determined that the levy must be higher than the \$1.50 average price difference of 2010 to be effective.

The Policy Committee recommended that the Market Development Policy be modified to include a two-tiered levy with the base levy being \$1.00/kg with the requirement to meet the MDP commitments during the second period following the allocation period, and an additional levy of \$0.60/kg if the commitment is still not met. In this way, there would be no benefit to market product intended for market development other than in accordance with the Market Development Policy.

It was noted that a modification to the levy rate could be implemented in advance of period A-109, starting January 29, 2012, before processors submit their MDP commitment forms.

Motion: that CFC Directors approve that the Market Development Policy be modified to include a two-tiered levy with the base levy being \$1.00/kg with the requirement to meet the MDP commitment during the second period following the production period, and an additional levy of 60 cents/kg if the commitment is not met.

Moved by: Yvon Cyr

Seconded by: Rick Thiessen

Carried.

Action: CFC staff and legal counsel to draft the appropriate amendments to the Canadian Chicken Marketing Licensing Regulations and the Canadian Chicken Marketing Levies Order for approval of CFC Directors in July.

A-106 ALLOCATION

CRFA noted that economic recovery is moving slowly in the foodservice sector. Price increases are difficult to implement at this time, with consumers feeling the impact of inflation in all areas, and so restaurateurs are exploring their options in adjusting menu options, ingredient mixes and portion sizes.

Alberta explained their request for allocation at 5% above base. They have been working since 2007 to address options for differential growth and the growing disparity between Alberta's share of the national population versus its share of the national allocation. As per the Federal Provincial Agreement (FPA), they felt that their best option for differential growth lies in submitting the maximum provincial range for the allocation period. Their submission of 5% over base represents cumulative provincial growth of 1.93% over last year's domestic production, although they noted that economic growth and recovery in Alberta is projected to exceed the national average considerably. It was also noted that Alberta processors were not in unanimous agreement with the recommendation made by CPEPC; they had recommended 2-4% below base for the national system to correct the current economic situation but did also indicate recently their support for Alberta's position and proposal. It was explained that this attempt on Alberta's part to increase their market share is part of a long term strategy. They intend to make similar requests until their goals are achieved.

Some felt that the differential growth issue and the allocation setting for period A-106 should not be addressed simultaneously. It is the Board's responsibility to make strong allocations and show a commitment to responsible supply management and to the whole value chain. The market is fairly healthy and stable, aside from the issue of cost inflation. Rising global grain and oil costs are a source of stress for all consumers. It was suggested that communication with consumers, to inform them of the rising production costs, would better prepare them for rising prices.

Directors recalled previous differential growth discussions, and that the issue was temporarily set aside when some provinces' continuing discomfort in developing a policy for growth hindered progress.

EVQ presented their model performance evaluation, comparing forecast consumption and wholesale figures with reality. They noted that their initial allocation request had been 3% above base, and that

their analysis indicates that any allocation below base will require higher import levels in order to supply the market.

FPPAC proposed an allocation of 2.5% below base, with a special supplemental allocation to Alberta of approximately 300,000 kg. Much debate ensued regarding the nature of the FPA and the current national market. Although there are provisions allowing for differential growth, it was noted that many were developed to limit the extent of differential growth, at a time when market shares were very volatile. Many felt that an important discussion must be had regarding growth across the country, but it was felt that allocation setting is not the appropriate venue for that discussion.

It was stated that in discussions within the Western region the issue is generally felt to be a national one, not limited to the West.

Alberta reiterated that they have a disproportionately smaller market share when compared to their actual population share, and that they have since the development of the Operating Agreement. Other Directors voiced their support for a policy for differential growth, but stressed that if there is to be differential growth it must be available to everyone.

FPPAC modified their proposal to add the additional value permanently to Alberta's base, but there was insufficient support for the suggestion. Members opposed making such a change without the analysis to support the volume suggested and noted concerns that this decision could set a precedent, leading to other parties making similar requests in future allocation-setting discussions. It was suggested that there is flexibility within the western region Market Responsiveness Pool to allow for a similar change.

The allocation discussion was tabled for re-examination at a later date.

ANIMAL CARE PROGRAM – STOCKING DENSITY

The Production Committee presented the 2011 Stocking Density Report in order to solicit comments from members in advance of the review of the Animal Care Program density section. The review, scheduled for 2012/2013, is intended to ensure that it remains current with recent research and international regulations. Staff outlined their analysis of international guidelines, peer-reviewed scientific articles and provincial board feedback. Stocking density limits range from 30kg/m² up to 42kg/m², and many guidelines call for farmers to meet additional requirements in order to stock birds at higher densities. Staff explained the impacts of stocking at high densities including various behavior issues, health problems, and production challenges.

Based on the current literature, it appears that from a welfare perspective, acceptable stocking densities are at or below 30 to 38 kg/m², even when considering the effects of management on bird welfare. While good management can mitigate the risks of higher densities, recent research suggests that, at least from a behavioural perspective, welfare may be compromised when raising birds up to 42 kg/m².

Staff indicated a change to CFC's ACP stocking density requirements does not appear to be warranted at this time, and recommended that CFC use the expertise of the Scientists Committee, which will be established through the Code of Practice review process, to provide a more in-depth scientific review and to solicit further feedback and recommendations related to stocking density before the ACP's full review in 2013.

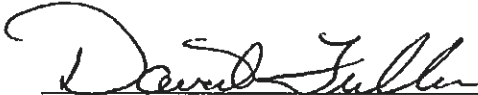
The Production Committee requested further feedback from provinces and stakeholders, in advance of making a recommendation regarding the Animal Care Program density standards to the Board of Directors in September.

It was noted that CRFA has reviewed the Animal Care Program and has provided a letter of support for the program.

Alberta stated that they have begun a humidity and ammonia study in order to obtain baseline data for their own use, the results of which they will share. They encouraged other provincial boards to perform similar research.

Action: Provincial boards and downstream stakeholders to provide feedback to CFC staff by June 30, 2011.

The meeting was adjourned at 4:45 pm.



David Fuller,
Chairman



Date approved

DIRECTORS

David Fuller (Chairman)
 Ed O'Reilly
 Paul Cook
 David Hyink
 Jake Wiebe
 Dave Janzen
 Barry Uytterlinde
 Mike Pickard
 Adrian Rehorst
 Ian Hesketh
 Luc Gagnon
 Reg Cliche
 Yvon Cyr
 Martin Dufresne

ALTERNATES

Carole Girard
 Marc Cormier
 Lucy McKee
 Ed Rodenburg
 Ed Verkley
 John Slot
 Vernon Froese
 Rick Thiessen
 Jacob Middelkamp
 Peter Swetnam

STAFF

Mike Dungate
 Jan Rus
 Eric Braff
 Denis Nadeau
 Adrian Uzea
 Yves Ruel
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 Lori Piché
 Jae Yung Chung
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 Scott Wiens
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 Rejean Gaumond
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 Laurent Pellerin
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 Bill Vanderspek
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 Randy Schroeder
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 James Corpuz
 Chris Horbasz
 Tim Klompemaker
 Muirray Booy
 Rob Dougans
 Scott Vanderwel
 Kevin Thompson
 Robin Horel
 J.P. Bouchard
 Dany Provençal



MEMORANDUM

TO: CFC Board of Directors

FROM: CFC Staff

DATE: April 28, 2011

SUBJECT: Market Development Policy Levy Rate

ISSUE

In light of the increasing spread between domestic and international dark meat prices, the Policy Committee undertook a review of the MDP levy rate to ensure market development production is marketed in accordance with the Market Development Policy.

BACKGROUND

As per article 9.7 of the MDP, a levy of 1 dollar per live kg is applied.

Subject to Article 9.5, the \$1.00 per kilogram levy will be assessed on the total live weight equivalent, as calculated by the product coefficients, for the market development production that has been marketed other than in accordance with this policy and the applicable regulations. Market Development production will be deemed to have been marketed other than in accordance with this policy if it has been produced but have not utilized as per the Market Development Policy on or before the final day of the allocation period immediately following the allocation period in which the chicken was produced.

Initially, at the implementation of the Policy, the levy was 44 cents per kilogram. Due to fluctuations in exchange rates, domestic and international prices, the levy was increased to \$1.00 per kilogram in 2005 to reflect the growing price spread.

With the significant increases in dark meat prices in Canada over recent years and the recent US-Canada exchange rates, the Committee reviewed the effectiveness of the current levy rate applying to chicken that is marketed in contravention of the MDP. Provincial boards and downstream stakeholders were consulted on the review of the levy rate and following is a summary of the comments received:



Newfoundland: Support an increase, no recommendation on specific amount

Nova Scotia: No changes at this time

New Brunswick: Current levy not sufficient, suggest a formula-based levy (Canadian wholesale minus USA wholesale plus 10 cents)

Québec: Support an increase to more than \$1.50/kg

Ontario: suggest analyzing the impact of the levy change from \$0.44 to \$1.00, should determine the impact of the Canada – USA price spread on the domestic market, need fact-based analysis to demonstrate that MDP kilograms are distorting the domestic supply conditions

Manitoba: Support a review, could support an increase but not to preclude processors from participating due to the risk involved

Saskatchewan: Support an increase, no recommendation on specific amount

Alberta: Support a review and potential increase, higher levy when commitment is not met during one extra period or when there are repeated assessments.

British Columbia: Propose a two-tiered levy. Levy to remain at \$1.00/kg when commitment is met during one further period (fourth period), otherwise the levy should be increased to \$2.00/kg.

CPEPC: Current levy has become a less effective deterrent, needs to take into consideration the conversion from live to eviscerated in assessing the effectiveness of the levy, needs to be a “reasonable effective” deterrent, levy should not result in a profitable outcome, no evidence of current or contemplated deliberate abuse. If there is apprehension of deliberate abuse, levy rate can be reviewed again.

CONSIDERATIONS

Based on the trend that started in 2009 and became consistent throughout 2010, there was a clear direction supporting an increase to the levy rate. With a price spread average of 1.50 dollars per kilogram in 2010, the current levy was no longer perceived as an effective deterrent.

Although many comments did not suggest a specific value, Committee members felt the suggestion of a two-tiered levy would strongly encourage a user of the MDP to meet its commitments. The concept of a two-tiered levy is to offer one additional period in order to meet the commitment at the base levy. Then, if the commitment is still not met, a higher levy would be assessed.



Committee members discussed different levy rates and came to the conclusion that the levy must be higher than the 1.50 dollar price difference average of 2010. Therefore they suggested a levy of 1.00 dollar per kilogram as the MDP levy, with the higher levy being at 1.60 dollar per kilogram.

In the event where the commitments would not be met by the final day of the period immediately following the allocation period, the user would be assessed a 1.00 dollar per kilogram levy and would still be required to fulfill its commitment during the second period following the allocation period. Failure to meet its commitments during this additional period, an additional levy of 0.60 dollar per kilogram would be assessed for a total MDP levy of 1.60.

If the Board was to approve a modification, the earliest implementation date would be production period A-109 (starting January 29, 2012), before processors submit their MDP commitment form.

RECOMMENDATION

A double majority is required pursuant to paragraph 25 (2) of the By-Laws.

The Policy Committee recommends to the CFC Board that:

1. The Market Development Policy be modified to include a two-tiered levy with the base levy being 1.00 dollar per kilogram with the requirement to meet the MDP commitments during the second period following the allocation period, and an additional levy of 0.60 dollar if the commitment is not met.
2. Should CFC Directors approve the recommendation to modify the Market Development Policy, direct CFC staff and legal counsel to draft the appropriate amendments to the Canadian Chicken Marketing Licensing Regulations and the Canadian Chicken Marketing Levies Order for approval of CFC Directors. seeks prior approval of a levy order amendment from NFPC.

MEMORANDUM

TO: Market Development Licensees
Provincial Board Managers, CPEPC

FROM: CFC Staff

DATE: March 29, 2022

SUBJECT: Market Development Commitments for periods A-174 and A-175

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As a result of the recent detection of avian influenza (AI) in Nova Scotia (NS) and Newfoundland and Labrador (NL), we previously informed you of the resulting import trade restrictions. Additionally, we asked you to closely monitor your market development activities and to consider options within the CFC Market Development policy (MDP) such as reducing or cancelling your commitments, purchasing product from other primary processors and marketing product to countries that have not placed import restrictions.

In light of the restrictions on chicken imports put in place by several countries and the logistical and transportation challenges, the CFC Board of Directors approved on March 24, 2022 a request made by CPEPC to provide a one period extension to all market development licensees to meet their commitments for periods A-174 and A-175. This means that MDP licensees will have to the end of period A-176 (July 2, 2022) to meet their commitments for period A-174 and will have to the end of period A-177 (August 27, 2022) to meet their commitments for period A-175.

As you may be aware, a case of highly pathogenic AI has also been detected and confirmed in southern Ontario. Early communications to CFIA indicate that both Taiwan and Japan will be implementing a ban of Ontario products but CFC cannot predict if or when further import restrictions will be listed. We ask that MD licensees continue to closely monitor your market development activities and consider the flexibilities provided within the MDP such as to reduce or cancel your commitment before the start of the period.

As of today, we know of the following countries that are restricting chicken products from NS, NL and Canada:

Countries with Import Restrictions

Taiwan	NS, NL
Japan	NS, NL
South Africa	Canada
Hong Kong	Zone ¹
South Korea	Canada
Philippines	NS, NL
United States	Zone ¹
Mexico	NS
Russian Federation	NS, NL
European Union	Zone ¹
Morocco	Canada
Peru	Canada
Singapore	Zone ¹
China	Canada
Bangladesh	TBC ²
Kuwait	TBC ²
Sri Lanka	TBC ²
Thailand	TBC ²
Venezuela	TBC ²
Costa Rica	NS
United Kingdom	Zone ¹
Cuba	NL
Kazakhstan	NS

¹Zone - primary control zone in NS

²TBC – country has not yet confirmed the area under import restrictions

Should you have any questions, please do not hesitate to contact Lori Piché at lpiche@chicken.ca or by phone at 613-566-5907.

Sincerely.

Period A-174 Allocations (January 16, 2022 - March 12, 2022)
Allocations pour la période A-174 (16 janvier 2022 - 12 mars 2022)

Eviscerated weight / Poids éviscéré

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	27,254,651	1,229,932	976,290	29,460,873
AB	19,938,122	368,850	0	20,306,972
SK	6,661,874	735,000	0	7,396,874
MB	7,859,749	319,725	0	8,179,474
ON	69,215,516	1,773,540	742,328	71,731,384
QC	51,882,589	3,008,194	0	54,890,783
NB / N.-B.	5,346,084	0	0	5,346,084
NS / N.-É.	6,547,959	0	0	6,547,959
PEI / Î.-P.-É.	726,227	0	0	726,227
NL / T.-N.-L.	2,663,979	0	0	2,663,979
CANADA	198,096,750	7,435,241	1,718,618	207,250,609

Live weight / Poids vivant

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	37,081,158	1,673,377	1,328,286	40,082,821
AB	27,027,412	500,000	0	27,527,412
SK	9,063,774	1,000,000	0	10,063,774
MB	10,693,536	435,000	0	11,128,536
ON	93,547,123	2,397,000	1,003,282	96,947,405
QC	70,454,358	4,085,000	0	74,539,358
NB / N.-B.	7,273,584	0	0	7,273,584
NS / N.-É.	8,907,576	0	0	8,907,576
PEI / Î.-P.-É.	988,064	0	0	988,064
NL / T.-N.-L.	3,624,461	0	0	3,624,461
CANADA	268,661,046	10,090,377	2,331,568	281,082,991

As per the meeting held on September 28, 2021, please find below the market requirements agreed to by CFC Directors:
Lors de la réunion du 28 septembre 2021, les administrateurs des PPC ont convenu des besoins du marché ci-dessous:

Period / Période A-174

January 16, 2022 - March 12, 2022 / 16 janvier 2022 - 12 mars 2022

	Domestic Allocation and/et Production domestique					TOTAL Allocation and/et Production TOTAL(E)				
	A-174	2021	change	2020	change	A-174	2021	change	2020	change
B.C./C.-B.	27,254,651	27,560,287	-1.1%	27,258,004	0.0%	29,460,873	29,813,236	-1.2%	29,283,063	0.6%
Alta./Alb.	19,938,122	19,683,064	1.3%	19,701,819	1.2%	20,306,972	20,125,264	0.9%	20,180,349	0.6%
Sask./Sask.	6,661,874	6,606,284	0.8%	6,777,539	-1.7%	7,396,874	7,341,284	0.8%	7,512,539	-1.5%
Man./Man.	7,859,749	7,857,058	0.0%	7,905,486	-0.6%	8,179,474	8,176,783	0.0%	8,225,211	-0.6%
West/Ouest	61,714,396	61,706,693	0.0%	61,642,848	0.1%	65,344,193	65,456,567	-0.2%	65,201,162	0.2%
Ont./Ont.	69,215,516		6.4%	66,676,700	3.8%	71,731,384	66,862,022	7.3%	68,528,876	4.7%
Que./Qué.	51,882,589	51,849,034	0.1%	51,531,994	0.7%	54,890,783	54,316,368	1.1%	53,890,911	1.9%
Central/Centre	121,098,105	116,902,361	3.6%	118,208,694	2.4%	126,622,167	121,178,390	4.5%	122,419,787	3.4%
N.B./N.-B.	5,346,084	5,437,556	-1.7%	5,589,878	-4.4%	5,346,084	5,437,556	-1.7%	5,589,878	-4.4%
N.S./N.-É.	6,547,959	6,283,923	4.2%	6,166,167	6.2%	6,547,959	6,283,923	4.2%	6,166,167	6.2%
P.E.I./Î.-P.-É.	726,227	707,233	2.7%	710,186	2.3%	726,227	707,233	2.7%	710,186	2.3%
N.L./T.-N.-L.	2,663,979	2,538,409	4.9%	2,622,524	1.6%	2,663,979	2,538,409	4.9%	2,622,524	1.6%
Atlantic/Atl.	15,284,249	14,967,121	2.1%	15,088,755	1.3%	15,284,249	14,967,121	2.1%	15,088,755	1.3%
CANADA	198,096,750	193,576,175	2.3%	194,940,297	1.6%	207,250,609	201,602,078	2.8%	202,709,704	2.2%

	Base Allocation de base		Market Development Allocation and/et Production à l'expansion du marché		Specialty Allocation and/et Production de spécialité		Recommendations vs base Recommandations vs la base	
		%	A-174	2021	A-174	2021		
B.C./C.-B.	26,319,655	3.6%	1,229,932	1,114,497	976,290	1,138,452	Provinces	4.5%
Alta./Alb.	18,952,179	5.2%	368,850	442,200	0	0	CPEPC - chicken primary processing CCTOV - transf. primaire du poulet	4.5%
Sask./Sask.	6,490,412	2.6%	735,000	735,000	0	0		
Man./Man.	7,646,933	2.8%	319,725	319,725	0	0	CPEPC - further processing CCTOV - surtransformation	4.5%
West/Ouest	59,409,179	3.9%	2,653,507	2,611,422	976,290	1,138,452		
Ont./Ont.	65,834,745	5.1%	1,773,540	1,227,809	742,328	580,886	Restaurants Canada	4.5%
Que./Qué.	49,684,509	4.4%	3,008,194	2,467,334	0	0		
Central/Centre	115,519,254	4.8%	4,781,734	3,695,143	742,328	580,886		
N.B./N.-B.	5,154,860	3.7%	0	0	0	0		
N.S./N.-É.	6,239,632	4.9%	0	0	0	0		
P.E.I./Î.-P.-É.	694,496	4.6%	0	0	0	0		
Nfld./T.-N.	2,548,850	4.5%	0	0	0	0		
Atlantic/Atl.	14,637,838	4.4%	0	0	0	0		
CANADA	189,566,271	4.5%	7,435,241	6,306,565	1,718,618	1,719,338		

September 28, 2021 / 28 septembre 2021

Supply and Demand Estimates for Period A-174 (Mkg) Estimations de l'offre et de la demande pour la période A-174 (M de kg)						
	2022 Projection / Estimation pour 2022				2021	2020
	Provinces (As submitted / Comme présenté)	Restaurants Canada	CPEPC further proc. CCTOV surtransf.	CPEPC chicken primary CPEPC transf. primaire	Actual Réal	Actual Réal
Supply / Offre						
Domestic Allocation / Allocation domestique	198.1	198.1	198.1	198.1	193.6	194.9
Dom. Alloc./Base Allocation Alloc. Dom./Alloc. de base	4.5%	4.5%	4.5%	4.5%		
Mrkt Dvlpmnt Allocation / Allocation à l'exp du marché	7.4		6.0		6.3	6.3
Specialty Allocation / Allocation de spécialité	1.7				1.7	1.4
Total Production / Production totale	207.3		205.7		201.6	202.7
Imports / Importations	12.0		11.1		11.4	10.5
Reduction of inventory / Reduction de l' invent.					0.1	1.5
Total Supply / Offre totale	219.3		216.8		213.1	214.7
Demand / Demande						
Exports / Exportations	8.9		7.5		7.8	7.8
Addition to inventory / Ajout à l'inventaire						
Domestic Consumption / Consom. Domestique	210.3		209.3		205.3	206.8

Period A-175 Allocations (March 13, 2022 - May 7, 2022)
Allocations pour la période A-175 (13 mars 2022 - 7 mai 2022)
Eviscerated weight / Poids éviscéré

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	27,736,681	1,092,621		29,839,398
AB	20,098,447	295,080	7,377	20,400,904
SK	6,636,476	661,500	0	7,297,976
MB	8,021,074	319,725	0	8,340,799
ON	69,823,738	1,792,038	615,181	72,230,957
QC	53,878,270	2,653,842	0	56,532,112
NB / N.-B.	5,444,661	0	0	5,444,661
NS / N.-É.	6,796,741	0	0	6,796,741
PEI / Î.-P.-É.	733,063	0	0	733,063
NL / T.-N.-L.	2,678,721	0	0	2,678,721
CANADA	201,847,872	6,814,806	1,632,654	210,295,332

Live weight / Poids vivant

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	37,736,981	1,486,559	1,374,280	40,597,820
AB	27,244,743	400,000	10,000	27,654,743
SK	9,029,219	900,000	0	9,929,219
MB	10,913,026	435,000	0	11,348,026
ON	94,369,155	2,422,000	831,438	97,622,593
QC	73,164,408	3,603,805	0	76,768,213
NB / N.-B.	7,407,702	0	0	7,407,702
NS / N.-É.	9,246,009	0	0	9,246,009
PEI / Î.-P.-É.	997,365	0	0	997,365
NL / T.-N.-L.	3,644,518	0	0	3,644,518
CANADA	273,753,126	9,247,364	2,215,718	285,216,208

As per the meeting held on December 9, 2021, please find below the market requirements agreed to by CFC Directors:

Lors de la réunion du 9 décembre 2021, les administrateurs des PPC ont convenu des besoins du marché ci-dessous:

Period / Période A-175

March 13, 2022 - May 7, 2022 / 13 mars 2022 - 7 mai 2022

	Domestic Allocation and/et Production domestique					TOTAL Allocation and/et Production TOTAL(E)				
	A-175	2021	change	2020	change	A-175	2021	change	2020	change
B.C./C.-B.	27,736,681		4.5%	27,261,876	1.7%	29,839,398	28,632,575	4.2%	29,225,351	2.1%
Alta./Alb.	20,098,447	19,056,595	5.5%	19,682,846	2.1%	20,400,904	19,425,095	5.0%	20,124,567	1.4%
Sask./Sask.	6,636,476	6,557,003	1.2%	6,816,730	-2.6%	7,297,976	7,292,003	0.1%	7,551,729	-3.4%
Man./Man.	8,021,074	7,735,377	3.7%	8,176,228	-1.9%	8,340,799	8,055,102	3.5%	8,495,953	-1.8%
West/Ouest	62,492,678	59,881,241	4.4%	61,937,680	0.9%	65,879,077	63,404,775	3.9%	65,397,600	0.7%
Ont./Ont.	69,823,738	62,122,577	12.4%	67,096,727	4.1%	72,230,957	63,796,812	13.2%	68,960,561	4.7%
Que./Qué.	53,878,270	49,456,390	8.9%	51,804,048	4.0%	56,532,112	51,813,781	9.1%	54,100,007	4.5%
Central/Centre	123,702,008	111,578,967	10.9%	118,900,775	4.0%	128,763,069	115,610,593	11.4%	123,060,568	4.6%
N.B./N.-B.	5,444,661	5,171,299	5.3%	5,480,541	-0.7%	5,444,661	5,171,299	5.3%	5,480,541	-0.7%
N.S./N.-É.	6,796,741	6,239,461	8.9%	6,729,234	1.0%	6,796,741	6,239,461	8.9%	6,729,234	1.0%
P.E.I./Î.-P.-É.	733,063	661,981	10.7%	692,102	5.9%	733,063	661,981	10.7%	692,102	5.9%
N.L./T.-N.-L.	2,678,721	2,460,569	8.9%	2,632,845	1.7%	2,678,721	2,460,569	8.9%	2,632,845	1.7%
Atlantic/Atl.	15,653,186	14,533,310	7.7%	15,534,722	0.8%	15,653,186	14,533,310	7.7%	15,534,722	0.8%
CANADA	201,847,872	185,993,518	8.5%	196,373,177	2.8%	210,295,332	193,548,678	8.7%	203,992,890	3.1%

	Base Allocation de base		Market Development Allocation and/et Production à l'expansion du marché		Specialty Allocation and/et Production de spécialité		Recommendations vs base Recommandations vs la base	
		%	A-175	2021	A-175	2021		
B.C./C.-B.	27,234,638	1.8%	1,092,621	1,112,746	1,010,096	987,563	Provinces	2.5%
Alta./Alb.	19,638,274	2.3%	295,080	368,500	7,377	0	CPEPC - chicken primary processing CCTOV - transf. primaire du poulet	0.5%
Sask./Sask.	6,568,519	1.0%	661,500	735,000	0	0		
Man./Man.	7,930,847	1.1%	319,725	319,725	0	0		
West/Ouest	61,372,278	1.8%	2,368,926	2,535,971	1,017,473	987,563		
Ont./Ont.	67,734,298	3.1%	1,792,038	1,128,935	615,181	545,300	CPEPC - further processing CCTOV - surtransformation	2.5%
Que./Qué.	52,530,747	2.6%	2,653,842	2,357,391	0	0		
Central/Centre	120,265,045	2.9%	4,445,880	3,486,326	615,181	545,300	Restaurants Canada	2.5%
N.B./N.-B.	5,322,839	2.3%	0	0	0	0		
N.S./N.-É.	6,624,154	2.6%	0	0	0	0		
P.E.I./Î.-P.-É.	710,588	3.2%	0	0	0	0		
Nfld./T.-N.	2,629,849	1.9%	0	0	0	0		
Atlantic/Atl.	15,287,430	2.4%	0	0	0	0		
CANADA	196,924,753	2.5%	6,814,806	6,022,297	1,632,654	1,532,863		

December 9, 2021 / 9 décembre 2021

Supply and Demand Estimates for Period A-175 (Mkg) Estimations de l'offre et de la demande pour la période A-175 (M de kg)						
	2022 Projection / Estimation pour 2022				2021	2020
	Provinces (As submitted / Comme présenté)	Restaurants Canada	CPEPC further proc. CCTOV surtransf.	CPEPC chicken primary CPEPC transf. primaire	Actual Réal	Actual Réal
Supply / Offre						
Domestic Allocation / Allocation domestique	201.8	201.8	201.8	197.9	186.0	196.4
Dom. Alloc./Base Allocation Alloc. Dom./Alloc. de base	2.5%	2.5%	2.5%	0.5%		
Mrkt Dvlpmnt Allocation / Allocation à l'exp du marché	6.8		6.0		6.0	6.3
Specialty Allocation / Allocation de spécialité	1.6		1.6		1.5	1.3
Total Production / Production totale	210.3		209.4		193.5	204.0
Imports / Importations	14.0		12.0		15.6	10.1
Reduction of inventory / Reduction de l' invent.					1.0	
Total Supply / Offre totale	224.3		221.4		210.1	214.1
Demand / Demande						
Exports / Exportations	8.3		7.5		7.5	7.8
Addition to inventory / Ajout à l'inventaire						1.9
Domestic Consumption / Consom. Domestique	216.0		213.9		202.6	204.4

October 7, 2021

Mr. Brian Douglas
Chairperson
Farm Products Council of Canada
Central Experimental Farm
960 Carling Avenue, Building 59
Ottawa, Ontario
K1A 0C6

Re: Prior Approval for Allocation Period A-174

Dear Mr. Douglas,

The prior approval of the Farm Products Council of Canada is being sought for the allocation for period A-174. The numbers in kilograms live weight are:

1. A total allocation of 281,082,991 kilograms,
2. A domestic allocation of 268,661,046 kilograms,
3. A market development allocation of 10,090,377 kilograms,
4. A specialty allocation of 2,331,568 kilograms.

Period A-174 is the eight-week period beginning on January 16, 2022 and ending on March 12, 2022. In accordance with section 3.05 of the Operating Agreement, the anticipated growth rate for the period was set on August 10, 2021, at 5%.

CFC Directors set the allocation for period A-174 on September 28, 2021 in accordance with section 3.09 of the Operating Agreement. Tables outlining the provincial allocations for this period, in both eviscerated and live weight are attached.

Current market conditions

CFC Directors, industry stakeholders and signatories discussed the market conditions and allocation requests for period A-174 at the CFC Board of Directors meeting via hybrid conference on September 28, 2021.

At the meeting, Directors were presented with the latest market information by CFC staff. Total TRQ utilization vs pro-rata has been within the ± 1 Mkg range in the past month. Weekly available TRQ for rest of the year will be slightly above weekly pro-rata. Compared to 2020, total available TRQ for the remainder of the year as of September 25, 2021 is 2 Mkg less. Directors considered fresh chicken supplies from production and imports in periods A-172 and A-173 and supplies resulting from the various allocation requests and recommendations for A-174. Boneless breast meat prices in the U.S. have increased significantly while bone-in breast meat prices have remained stable due to labour and deboning capacity issues, resulting in lower boneless chicken imports and higher bone-in chicken imports than in 2020. Total frozen inventories on September 1, 2021 were very similar to inventories on August 1, 2021 and September 1, 2020 (0.3% and 0.4% increase, respectively). Breast meat stocks have decreased significantly since April, mostly due to lower boneless breast inventories. Calculated

domestic disappearance in the last 12 months as of August 31, 2021 was 1.6% higher than the same period year ago. Wholesale prices are strong this year, especially wing and whole chicken prices that have been above 5-year range since March 2021. Dark meat prices have also been stronger than in previous years for most of 2021. Retail sales for chicken and other meats, both in kilograms and dollars, have been below same period last year's levels due to the panic buying and stockpiling during the first couple of months of the pandemic in 2020, but are still above 2019 levels. Year-to-date meat retail prices as of mid-September 2021 are 3% higher vs 2020, while chicken prices are up 5%.

Chicken production in the U.S. is expected to see a modest increase this year, and frozen inventories are currently at the lowest level since 2018. Wholesale prices remain high due to strong demand and labour issues. Demand for beef and pork is also strong this year. Frozen beef inventories are low, and the beef cut-out has increased by \$1.50/kg since early 2021. Pork production is projected to see a small decrease this year, and the pork cut-out is also significantly higher than a year ago. Pork exports will only see a slight increase this year as the Chinese pork sector is recovering from African Swine Fever and rebuilding its herds. In 2022, U.S. beef production is projected to fall below 27 billion pounds, the lowest level since 2018. Pork production is forecast to increase in 2022 but will still be below 2020 levels. Corn and soybean prices are seeing modest decreases due to better-than-expected crop results.

Provincial allocation requests for period A-174 ranged from 4% to 5.5% above base. Both CPEPC's chicken primary and further processing sectors recommended an allocation of 4% above base, taking into account the recovery in the food service sector and declining sales at retail. Restaurants Canada's member survey indicated a weighted average requirement for the industry at +7.7% above base, being lifted by the high increases expected in full service (dine in) restaurants compared to the same timeframe the year before.

After thorough discussions, Directors agreed to a national allocation at 4.5% above base. CFC wishes to emphasize that the Directors' decision was made with due regard to the interests of producers and consumers of chicken, to promote a strong, efficient, and competitive industry, in accordance with s. 21 of the Farm Products Agencies Act. The decision was made in accordance with the process set out in the Operating Agreement. All stakeholders' perspectives and arguments were heard and considered in making that decision, and a compromise was reached that promotes the industry's national interest in this challenging time.

Conclusion

The total provincial market requirements for period A-174 are 207,250,609 kilograms eviscerated weight. This total allocation consists of a domestic allocation of 198,096,750 kilograms eviscerated weight, a market development allocation of 7,435,241 kilograms eviscerated weight, and a specialty allocation of 1,718,618 kilograms eviscerated weight. The total domestic allocation is 2.3% higher than the total domestic production during the corresponding weeks in 2021 and 1.6% higher than domestic production in the same weeks of 2020.

CFC seeks Council's approval for a total allocation for Period A-174 of 281,082,991 kg live weight.

Sincerely,

A handwritten signature in black ink, reading "Michael Laliberté". The signature is written in a cursive style with a horizontal line underneath the name.

Michael Laliberté,
Executive Director
Encl.

c.c CFC Directors

Period A-174 Allocations (January 16, 2022 - March 12, 2022)
Allocations pour la période A-174 (16 janvier 2022 - 12 mars 2022)

Eviscerated weight / Poids éviscéré

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	27,254,651	1,229,932	976,290	29,460,873
AB	19,938,122	368,850	0	20,306,972
SK	6,661,874	735,000	0	7,396,874
MB	7,859,749	319,725	0	8,179,474
ON	69,215,516	1,773,540	742,328	71,731,384
QC	51,882,589	3,008,194	0	54,890,783
NB / N.-B.	5,346,084	0	0	5,346,084
NS / N.-É.	6,547,959	0	0	6,547,959
PEI / Î.-P.-É.	726,227	0	0	726,227
NL / T.-N.-L.	2,663,979	0	0	2,663,979
CANADA	198,096,750	7,435,241	1,718,618	207,250,609

Live weight / Poids vivant

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	37,081,158	1,673,377	1,328,286	40,082,821
AB	27,027,412	500,000	0	27,527,412
SK	9,063,774	1,000,000	0	10,063,774
MB	10,693,536	435,000	0	11,128,536
ON	93,547,123	2,397,000	1,003,282	96,947,405
QC	70,454,358	4,085,000	0	74,539,358
NB / N.-B.	7,273,584	0	0	7,273,584
NS / N.-É.	8,907,576	0	0	8,907,576
PEI / Î.-P.-É.	988,064	0	0	988,064
NL / T.-N.-L.	3,624,461	0	0	3,624,461
CANADA	268,661,046	10,090,377	2,331,568	281,082,991

December 15, 2021

Mr. Brian Douglas
Chairperson
Farm Products Council of Canada
Central Experimental Farm
960 Carling Avenue, Building 59
Ottawa, Ontario
K1A 0C6

Re: Prior Approval for Allocation Period A-175

Dear Mr. Douglas,

The prior approval of the Farm Products Council of Canada is being sought for the allocation for period A-175. The numbers in kilograms live weight are:

1. A total allocation of 285,216,208 kilograms,
2. A domestic allocation of 273,753,126 kilograms,
3. A market development allocation of 9,247,364 kilograms,
4. A specialty allocation of 2,215,718 kilograms.

Period A-175 is the eight-week period beginning on March 13, 2022 and ending on May 7, 2022. In accordance with section 3.05 of the Operating Agreement, the anticipated growth rate for the period was set on November 12, 2021, at 4%.

CFC Directors set the allocation for period A-175 on December 9, 2021 in accordance with section 3.09 of the Operating Agreement. Tables outlining the provincial allocations for this period, in both eviscerated and live weight are attached.

Current market conditions

CFC Directors, industry stakeholders and signatories discussed the market conditions and allocation requests for period A-175 at the CFC Board of Directors meeting at a hybrid meeting on December 9, 2021.

At the meeting, Directors were presented with the latest market information by CFC staff. Total TRQ utilization has been slightly below pro-rata since September 2021, bringing the weekly available TRQ for the last month of 2021 to 1.8 Mkg, 0.1 Mkg above weekly pro-rata. Year to-date TRQ utilization is 3 Mkg less compared to 2020. Boneless breast meat prices in the U.S. have increased significantly since 2020 due to labour and deboning capacity issues, resulting in lower boneless chicken imports in 2021. Total frozen inventories on November 1, 2021 were 2.8 Mkg (5.4%) more than last month, primarily driven by increases in wing and further processed chicken stocks but were close to the inventories in the same period last year. Breast meat stocks have decreased significantly since April, mostly due to lower boneless breast inventories. Calculated domestic disappearance in the last 12 months as of October 31, 2021 is 1.5% higher than the same period a year ago, and year-to-date domestic disappearance is 2% higher. Wholesale prices have been strong this year, especially wing

and whole chicken prices that have been above the 5-year range since March 2021. Dark meat prices have also been stronger than in previous years for most of 2021. Year to-date retail sales for chicken and other meats, both in kilograms and dollars, are lower compared to same period last year when consumers went into panic buying and stockpiling mode during the first couple of months of the pandemic. Dollar sales for all meats are significantly higher than 2019 levels due to higher meat retail prices starting in mid-2021. Food service sales in Canada have not yet fully recovered from the COVID-19 related declines but dollar sales in limited-service restaurants in the last 12 months are 8% higher than in the same period the previous year. Immigration is expected to return to normal levels after seeing a significant dip in 2020, and Canada is expected to reach its goal of 401,000 new permanent residents in 2021.

Chicken production in the U.S. is expected to see a modest increase this year and in 2022. Frozen inventories are significantly lower than in the last three years. Wholesale prices for boneless breast, wings and whole chicken have been at high levels since 2021 because of strong demand, restrained production and supply largely due to hatchability and chick supply issues and labour problems. In terms of competitive meats, frozen beef inventories in the U.S. have been increasing since August but remain well below 2020 levels, and pork inventories have been low all year. In 2022, U.S. beef production is projected to be 3.2% lower than in 2021, the lowest level since 2018. Pork production is also forecast to decrease (-0.3%) in 2022. While corn and soybean prices have moderated somewhat in recent months, feed prices are projected to remain high in the foreseeable future.

Provincial allocation requests for period A-175 ranged from 0.5% to 3% above base, reflecting provinces' optimistic outlook for 2022 that is based on increased food service demand, the booster shot rollout, a favourable competing meat situation and increased investments in promotion and branding, while considering the potential challenges the new omicron variant could bring about.

Restaurants Canada's member survey indicated a weighted average requirement for the industry at 3.6% above base because of more dine-in capacity in most regions, traffic increases versus 2019, ongoing featuring of chicken sandwiches and fried chicken options, and new menu items and special promos. CPEPC's further processing sector recommended an allocation of 3% above base based on TRQ becoming a smaller percentage of the overall market and less and less an effective relief valve, meaning that adequate domestic production will be essential. Other factors were increased promotional spending, aggressive immigration targets, and chicken remaining the most competitively priced protein. CPEPC primary sector proposed +0.5% versus base, considering increasing storage stocks, per capita disappearance that is very close to pre-COVID levels, the EMI market composite trending down, a potential recovery slowdown because of the new COVID variant, a potential increase in CPTPP imports in 2022, high live prices and a very challenging labour situation for processors.

After thorough discussions, Directors agreed to a national allocation at 2½% above base. CFC wishes to emphasize that the Directors' decision was made with due regard to the interests of producers and consumers of chicken, to promote a strong, efficient, and competitive industry, in accordance with s. 21 of the Farm Products Agencies Act. The decision was made in accordance with the process set out in the Operating Agreement. All stakeholders' perspectives and arguments were heard and considered in making that decision, and a compromise was reached that promotes the industry's national interest in this challenging time.

Conclusion

The total provincial market requirements for period A-175 are 210,295,332 kilograms eviscerated weight. This total allocation consists of a domestic allocation of 201,847,872 kilograms eviscerated weight, a market development allocation of 6,814,806 kilograms eviscerated weight, and a specialty allocation of 1,632,654 kilograms eviscerated weight. The total domestic allocation is 8.5% higher than the total domestic production during the corresponding weeks in 2021 and 2.8% higher than domestic production in the same weeks of 2020.

CFC seeks Council's approval for a total allocation for Period A-175 of 285,216,208 kg live weight.

Sincerely,

A handwritten signature in black ink, reading "Michael Laliberté", with a horizontal line underneath the name.

Michael Laliberté,
Executive Director
Encl.

c.c CFC Directors

Period A-175 Allocations (March 13, 2022 - May 7, 2022)
Allocations pour la période A-175 (13 mars 2022 - 7 mai 2022)
Eviscerated weight / Poids éviscéré

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	27,736,681	1,092,621	1,010,096	29,839,398
AB	20,098,447	295,080	7,377	20,400,904
SK	6,636,476	661,500	0	7,297,976
MB	8,021,074	319,725	0	8,340,799
ON		1,792,038	615,181	72,230,957
QC	53,878,270	2,653,842	0	56,532,112
NB / N.-B.	5,444,661	0	0	5,444,661
NS / N.-É.	6,796,741	0	0	6,796,741
PEI / Î.-P.-É.	733,063	0	0	733,063
NL / T.-N.-L.	2,678,721	0	0	2,678,721
CANADA	201,847,872	6,814,806	1,632,654	210,295,332

Live weight / Poids vivant

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
BC / C.-B.	37,736,981	1,486,559	1,374,280	40,597,820
AB	27,244,743	400,000	10,000	27,654,743
SK	9,029,219	900,000	0	9,929,219
MB	10,913,026	435,000	0	11,348,026
ON	94,369,155	2,422,000	831,438	97,622,593
QC	73,164,408	3,603,805	0	76,768,213
NB / N.-B.	7,407,702	0	0	7,407,702
NS / N.-É.	9,246,009	0	0	9,246,009
PEI / Î.-P.-É.	997,365	0	0	997,365
NL / T.-N.-L.	3,644,518	0	0	3,644,518
CANADA	273,753,126	9,247,364	2,215,718	285,216,208

January 26, 2022

Mr. Brian Douglas
Chairperson
Farm Products Council of Canada
Central Experimental Farm
960 Carling Avenue, Building 59
Ottawa, Ontario
K1A 0C6

Re: Prior Approval for Allocation Period A-175

Dear Mr. Douglas,

On December 15, 2021, CFC submitted a request to FPCC for the prior approval of the allocation for period A-175. Due to the impact of Covid-19, CFC Directors approved a reduction of the allowable marketings for the province of Québec of 1,600,000 kg live in A-175 and an increase of allowable marketings of 533,334 kg live in period A-178 and 1,066,000 kg live in period A-179.

Subsequently, Council indicated that it would delay the prior approval of the Quota Regulations for period A-175 to allow time for Directors to find other solutions while ensuring that an adjustment to Québec's request would satisfy the regulatory requirement that the change in allocation resulting from a base adjustment would be included in the Quota Regulations amendment.

On January 25th, CFC held a Directors' only meeting to inform Directors of Council's decision to delay the prior approval of A-175 and to explain the regulatory requirement to amend the Quota Regulations for period A-175. During this meeting, CFC Directors agreed to reverse its January 18th decision to adjust Québec's allowable marketings for periods A-175, A-178 and A-179.

While CFC scheduled an allocation meeting on January 26th to consider Québec's base adjustment request, the Éleveurs de volailles du Québec notified CFC that it is withdrawing its request for a base adjustment for periods A-175, A-178 and A-179. As such, the allocation for period A-175 set on December 9, 2021, remains unchanged.

CFC therefore seeks Council's approval for a total allocation for period A-175 of 285,216,208 kg live weight.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Fontaine', with a stylized, elongated flourish extending to the right.

Benoît Fontaine
Chair

cc. CFC Directors

**In the Matter of a Market Development Levy Assessment involving
Simple Path Farms Poultry Ltd. and made pursuant to s. 11.1(2) and
13(2) of the Canadian Chicken Marketing Levies Order**

LEGAL SUBMISSIONS OF COUNSEL TO CHICKEN FARMERS OF CANADA STAFF
HEARING: October 10, 2023

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Lawyer for the Processor Simple Path Farms Poultry Limited

I. Overview

1. These submissions set out Chicken Farmers of Canada staff's representations in response to the legal arguments put forward by counsel to Simple Path in their July 12, 2023 letter. This letter complements the CFC staff report regarding Simple Path's dispute of the notice of assessment issued by CFC with respect to periods A174 and A175.

II. The facts may make it unnecessary to engage with Simple Path's Legal Arguments

2. The CFC staff report evaluates the factual assertions made in Simple Path's submissions in support of its dispute of the A174 and A175 levy. To the extent that the CFC Board agrees with CFC staff's observations regarding those factual assertions, there may be no need to engage with the more detailed legal arguments Simple Path advances.

3. Should it be necessary to engage with Simple Path's more detailed legal arguments, Directors should consider whether the CFC Board has the jurisdiction to decide questions of law. Whether the *Canadian Chicken Marketing Levies Order*¹ is authorized by the *Farm Products Agencies Act*² or is contrary to the *Canadian Charter of Rights and Freedoms*³ (or its values) are questions of law. Parliament must have given the CFC Board such jurisdiction in order for the CFC Board to set the notice of assessment aside on grounds related to the *vires* of the *Levies Order* or on grounds related to the *Charter*.

4. Rather, in the event that Directors are of the view that Simple Path's challenge to the notice of assessment could not be determined on factual grounds and also conclude the CFC Board does not have jurisdiction over questions of law, Simple Path's recourse regarding the notice of assessment is to the Farm Products Council of Canada (Council) pursuant to the complaint procedures adopted by Council.

¹ [SOR/2002-35](#) [*Levies Order*].

² [RSC 1985, c F-4](#) [FPAA].

[CQLR c C-12](#) [*Charter*].

III. The CFC Board has neither express nor implied jurisdiction over questions of law

5. The Federal Court of Appeal recently held that “[c]hallenging the *vires* of a regulation is certainly a question of law”.⁴ With respect to *Charter* review, nearly twenty years of jurisprudence dictates that an administrative decision-maker needs jurisdiction over questions of law to test laws or regulations for *Charter* compliance.⁵

6. Accordingly, if the *FPAA* does not grant the CFC Board jurisdiction over questions of law, the CFC Board cannot invalidate the *Levies Order* on the grounds raised by Simple Path.

7. In the *Martin* case, the Supreme Court of Canada said that Parliament can give an administrative decision-maker jurisdiction over questions of law expressly (i.e., directly in legislation) or by implication based on the broader system set in the legislation in question.

8. Neither the *FPAA* nor the *Proclamation* includes an explicit reference to the ability of CFC to determine questions of law. CFC’s key statutory powers are set out in section 22 of the *FPAA* and are also addressed in the *Chicken Farmers of Canada Proclamation*⁶.

9. The *Martin* case sets out the test for determining whether an administrative decision-maker has the implied jurisdiction to decide questions of law. This involves considering the following four factors:

- a. Whether the ability to decide questions of law is necessary for the CFC Board to fulfill its mandate under the *FPAA* effectively;
- b. The CFC Board’s interaction with other elements of the administrative system;
- c. Whether the CFC Board is adjudicative in nature; and

⁴ *International Air Transport Association v Canadian Transportation Agency*, [2022 FCA 211](#) at para. 71.

⁵ *Nova Scotia (Workers’ Compensation Board) v Martin*; *Nova Scotia (Workers’ Compensation Board) v Laseur*, [2003 SCC 54](#) at paras. 41-42 [*Martin*].

⁶ [SOR/79-158](#)

- d. Practical considerations, including the CFC Board's capacity to consider questions of law.

10. Each of these four factors points to the CFC Board not having the implied jurisdiction to decide questions of law.

A. The CFC Board does not need to decide questions of law in order to fulfill its mandate under the *FPAA*

11. As a national marketing agency, the CFC Board's mandate reflects the objects set out in section 21 of the *FPAA*, being to promote a strong, efficient and competitive production and marketing industry for chicken and to have due regard to the interests of producers and consumers of chicken. CFC's mandate is also informed by the Federal-Provincial Agreement for Chicken.

12. The breadth and flexibility of CFC's regulatory powers notwithstanding, the question is whether those powers extend to deciding questions of law.

13. CFC Board's role under the *Levies Order* includes issuing notices of assessment to primary processors who must pay a levy under subsection 5(1) of the *Levies Order*, and determining whether to cancel the notice of assessment based on the primary producer having substantiated the three *force majeure* circumstances set out in sections 11.1 and 11.2 of the *Levies Order*. The three *force majeure* circumstances involve considering:

- a. Whether the failure to comply with licence conditions was due to an event that was not reasonably foreseeable;
- b. Whether an event rendered it impossible, through no fault of the primary processor, to market the chicken in question for a permissible end-use; and
- c. Whether the failure to comply with licence conditions was due to an event that was beyond the control of the primary processor.

14. The CFC Board's general mandate under the *FPAA* is not legal in focus; rather, it is laden with policy and economic considerations informed by the requirements of an effective orderly marketing system for chicken.

15. In respect of market development levy assessments, the CFC Board's specific role under the *Levies Order* is similarly not focused on legal questions. In making these decisions, the CFC Board is required to follow the framework set out in the *Levies Order*. This involves fact-based inquiries based on audit findings and, where applicable, inquiries into *force majeure* claims. It may also involve taking into account previous court decisions respecting MDP levies. Accounting for court decisions is not a matter of deciding the law, but rather of applying it. Such court decisions would include notably *Dunn-Rite Food Products Ltd v Canada (Attorney General)*⁷. In *Dunn-Rite*, the Federal Court of Appeal upheld CFC's use of a CFIA Certificate of Inspection Covering Meat Products, resulting in a market development levy assessment respecting chicken marketed in export trade four days beyond the market development period in question.

B. The CFC Board is subject to Council's supervision

16. Council's general and specific supervisory role regarding CFC's operations also suggest that the CFC Board does not have jurisdiction to decide questions of law. At a general level, Council may hear a complaint pursuant to paragraph 7(1)(f) of the *FPAA* made by "any person who is directly affected by the operations of an agency that relates to the operations of the agency". Council's supervisory role on a complaint is a broad one. The Federal Court of Appeal has held that:

[...] the significant latitude that is extended to [an Agency] in relation to the conduct of its operations is consistent with a broader, rather than a narrower, range of actions that the Council should be able to take in the fulfillment of its mandate to conduct a review of the operations of [the Agency], especially in situations in which a complaint has arisen in relation to such operations.⁸

⁷ [2008 FCA 74](#) [*Dunn-Rite*].

⁸ *Leth Farms Ltd v Canada (Attorney General)*, [2007 FCA 49](#) at [para. 50](#).

17. In addition, the CFC Board is required to submit its orders and regulations to Council for approval, failing which they are of no force or effect.⁹

18. This oversight role, including Council's role in approving the CFC Board's regulations and orders, point towards the CFC Board not having the jurisdiction to consider questions of law.

C. The CFC Board is not adjudicative in nature

19. The CFC Board is not an adjudicative body in the usual sense of that term. Rather, it is a regulatory entity that regulates the marketing of chicken in Canada, informed by, among other things, commitments by signatories under a Federal-Provincial Agreement. While there may be adjudicative aspects of certain discrete elements of Canada's system for the orderly marketing of chickens, such as evaluating *force majeure* arguments made by processors in response to market development levy assessments, this is a discrete role performed under specific provisions of particular regulations. Adjudication of complaints concerning CFC operations is a role vested under the *FPAA* with Council.

20. Furthermore, the nature of the CFC Board's decision-making authority under section 11.1 of the *Levies Order* involves deciding whether three prescribed criteria are met, following which section 11.2 of the *Levies Order* sets out the course of action to be followed. The CFC Board is not furnished with remedial discretion such as is typically associated with adjudicative functions.

21. Moreover, in contrast to Council, which is authorized to hold public hearings that engage the powers of a commissioner under the *Inquiries Act*¹⁰, CFC does not have such inquiry powers.

22. The above considerations concerning the role of Council *vis-à-vis* CFC also weigh against the CFC Board's jurisdiction to consider questions of law.

⁹ *FPAA*, s. 22(1)(f).

¹⁰ See *FPAA*, s. 8.

D. The CFC Board does not have capacity to consider questions of law

23. There is no requirement for CFC Board members to possess legal expertise. Rather, the *FPAA* requires that a majority of Board members must be producers.¹¹ For its part, the *Proclamation* provides for appointment of the CFC Board members by the ten provincial Commodity Boards and three downstream industry organizations.¹² The *Proclamation* contains no qualifications related to legal expertise. The makeup and functioning of CFC's Board suggest it was intended to operate as a stakeholder regulatory body, not as a body equipped to decide questions of law.

IV. Disposition of the dispute

24. In the event the CFC Board determines that Simple Path has substantiated the three conditions set out in section 11.1 of the *Levies Order*, the Board must cancel or reduce the levy set out in the notice of assessment.

25. However, in the event the CFC Board finds none of these circumstances apply, the CFC Board cannot consider questions related to the *Levies Order's* legal validity or related to the *Charter* to refuse to follow the *Levies Order*. Simple Path's dispute to the notice of assessment should be dismissed if the CFC Board finds the three conditions in section 11.1 of the *Levies Order* are not made out.

All of which is respectfully submitted, this 2nd day of August 2023.



David K. Wilson
David P. Taylor

Counsel to CFC Staff

¹¹ *FPAA*, s. 17(1)(e).

¹² *Proclamation*, s. 2.