Farm Products Council of Canada | Conseil des produits agricoles du Canada

Central Experimental Farm
Building 59
960 Carling Avenue
Ottawa, Ontario K1A 0C6

Ferme expérimentale centrale
Édifice 59
960, avenue Carling
Ottawa, Ontario K1A 0C6

Le 28 mars 2025

Monsieur Tim Klompmaker
Président
Les Producteurs de poulet du Canada
50, rue O'Connor, bureau 1610
Ottawa (Ontario)
K1P 6L2

Objet : **Modifications proposées du *Règlement canadien sur le contingentement de la commercialisation des poulets***

Cher Monsieur Klompmaker,

Lors de sa réunion du 27 mars 2025, le Conseil des produits agricoles du Canada (le Conseil) a examiné les modifications proposées au *Règlement canadien sur le contingentement de la commercialisation des poulets* tel que demandé dans votre lettre datée du 21 février 2025, pour la période contingentaire A-196, débutant le 1er juin 2025 et se terminant le 26 juillet 2025.

Après un examen approfondi de la justification fournie par les Producteurs de poulet du Canada et suite à une analyse interne, les membres du Conseil ont convenu que les modifications étaient nécessaires à la mise en œuvre du plan de commercialisation énoncé dans la *Proclamation visant Les Producteurs de poulet du Canada*.

Pour toute question, n'hésitez pas à communiquer avec moi ou avec Lisa Melanson-Daigle, secrétaire du Conseil, par courriel à l'adresse fpcc.secretariat.cpac@fpcc-cpac.gc.ca.

Sincères salutations,

Signature sur la version originale

Brian Douglas
Président

Canada

February 21, 2025

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-196

Dear Mr. Douglas,

The prior approval of the Farm Products Council of Canada is being sought for the allocation for period A-196.

The numbers in kilograms live weight for A-196 are:

1. A total allocation of 309,720,408 kilograms,
2. A domestic allocation of 300,226,807 kilograms,
3. A market development allocation of 7,206,600 kilograms,
4. A specialty allocation of 2,287,001 kilograms.

Period A-196 is the eight-week period beginning on June 1, 2025, and ending on July 26, 2025. In accordance with section 3.05 of the Operating Agreement, the anticipated growth rate for the period was set on December 10, 2024, at 4%.

CFC Directors set the allocation for period A-196 on February 4, 2025, 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-196 at the CFC Board of Directors meeting on February 4, 2025.

The Market Information Working Group (MIWG) report for period A-196 was circulated to all stakeholders several weeks prior to the February 4th board meeting, and the report, along with the data file used by the MIWG, was also made available on MyCFC.

At the meeting, Directors were presented with the latest market information by CFC staff. Production in the most recent period, A-192, was projected to be 3.5 Mkg higher than the allocated volume. Production projections based on established allocations for periods A-193 and A-194 indicate that production in the coming months will be above production levels in the previous year.

Combined year-to-date imports under the WTO and CUSMA TRQs are significantly above pro-rata due to strong utilization of CUSMA and WTO TRQs. As of the February 4th meeting, these were ahead of pro rata by 1.8 Mkg and 0.5 Mkg, respectively. It is unusual for TRQ utilization to be so strong in the early part of the year. Directors assumed that WTO and CUSMA TRQs will be fully utilized in 2025, and that most but likely not all CPTPP TRQ will be used.

2024 imports under the Duties Relief Program (DRP) were 26 Mkg, 2.5 Mkg or 10% higher than in 2023. Imports under the Import to Re-Export Program (IREP) totaled 16 Mkg in 2024, 9% higher than last year. Chicken boneless breast meat imports were 5.1 Mkg or 16% higher than the same time last year due to an increase in imports of this product from Chile under the CPTPP TRQ. Imports of bone-in legs were 11.1 Mkg or 102% higher than the same time last year, but wing imports declined by 6.6% or 30%.

Storage stocks declined significantly over the course of 2024. They began near a record high of 72 Mkg on January 1st, 2024, and ended the year at 58 Mkg on January 1st, 2025, a decline of 13 Mkg or 19%. Cut-up parts and further processed products both contributed to this decline. For parts, wings were the largest contributor, falling 4.8 Mkg or 45% from the near-record high seen at the start of the year. Bone-in legs also declined significantly, by 1.4 Mkg (27%) over this time. Further processed items in cold storage fell by 6.3 Mkg or 19% during 2024. This category accounts for 52% of all frozen chicken inventories.

Calculated supply and disappearance data show that chicken disappearance is up by 2.0% over the last 12 months but has declined by 0.8% in the last 6 months and by 2.5% in the most recent three-month period. The declines come mainly due to production declines compared to the previous year in the most recent period. Increases in the last 12 months are due to both 8% higher imports, and drawdowns from storage stocks in the amount of 13 Mkg.

Nielsen retail dales data show that chicken sales volumes have increased by 3.8% over the last 52 weeks. Meanwhile, beef sales volumes have declined by 2.0%, and pork sales volumes have declined by 1.9%. Dollar sales of chicken have increased by 3.8% in the last 52-week period. Since this matches the increase in sales volumes, we can infer that that there has been very little change in the retail price of chicken for consumers. Beef has seen a 7.1% increase in this time, while also seeing a decline in sales volumes, indicating a significant increase in retail prices. Pork dollar sales are nearly flat over the last 52 weeks, down by 0.2%. For specific chicken parts, we can see that sales volumes over the last 52 weeks increased for every item tracked here. Wings have seen the largest increase, up by 8.8% over the last 52-week period. Sales volumes for legs-thighs-drums increased by 3.2%, and breasts by 3.1%, and whole birds by 1.3%. In dollar terms, legs-thighs-drums have seen the strongest increase over the last 52 weeks, up by 5.1%, followed by breasts at 2.8% and whole chickens at 2.2%. Wings are the only item to see a decline in dollar sales, falling 1.0% over the last 52-week period. The ratio of chicken breast to ground beef price at retail has also notably fallen to around the 1.0 mark, meaning they are nearly equal. Historically this ratio has been around 1.3.

According to Statistics Canada, foodservice sales have continued to see growth led by the limited service segment, which has a larger focus on chicken than do other segments such as full service. Limited service restaurant sales have grown by 7% since 2019, adjusted for inflation. The other segments, full service, drinking places, and special, have all seen inflation-adjusted declines over this same period. Full service has fallen by 3%, while drinking places have seen a 27% decline since 2019 after adjusting for inflation.

Domestic wholesale prices started off 2025 on a very strong note with every item except wings above last year and above the range seen from 2020 to 2024. Legs are showing the strongest increase compared to previous years, followed by whole chickens. This, along with changes in import volumes and storage stocks in 2024, underscores increased demand for dark chicken meat items in Canada compared to previous years. Typically, the beginning of the year is a seasonal low point for domestic wholesale prices; current levels suggest that demand for chicken is strong.

USDA data indicate that broiler production in the U.S. was 1.3% higher than last year in 2024 and is forecast to rise by 1.4% in 2025. Chicken in cold storage in the U.S. as of January 1st, 2025 is currently 8% lower than a year ago, with wings and legs currently lower than this time in any of the previous three years. As is the case in Canada, market signals in the U.S., including storage stocks volumes, indicate increased demand for dark chicken meat. Breast meat freezer inventories are in line with levels seen at this time in the previous two years. Per capita consumption of chicken in the U.S. is forecast to increase by 0.9% to 102.7 lbs in 2025 after increasing 2.3% in 2024.

Beef production in the U.S. increased by an estimated 0.1% in 2024 compared to the previous year but is forecast to decline by 4.4% in 2025. Beef storage stocks at the end of 2024 were down 5% compared to a year ago, and exports fell by 1.4% and are forecast to fall a further 13% in 2025. Imports, meanwhile, increased by 24% in 2024 compared to the previous year. Beef cutout prices are near historical highs, currently just below a record high seen in mid-2023. In Canada, beef production is down 2% YTD on an adjusted basis for the first few weeks of 2025.

Pork production in the U.S. was an estimated 1.8% higher than last year in 2024 and is forecast to increase by a further 2.6% in 2025. Pork storage stocks are 6% below last year and are currently at their seasonal low point, roughly in line with their level in 2022 at this time. Pork cutout prices are in line with historical levels currently, but above this time in both 2023 and 2024. For the first few weeks of 2025, pork production is up by 1% in the U.S. but down by 2% in Canada.

Feed grain prices were comparatively low and stable during 2024. Corn has seen a recent uptrend and started 2025 slightly above the same time last year but remains well below the three years before that. Soybean prices started out 2025 below even last year and are currently lower than any of the previous four years. Compared to the last four years, wheat and barley prices were both below all but 2020 as of the end of 2024.

Provincial and industry requests for A-196

Provincial allocation requests for A-196 ranged from 2.5% above the adjusted base in Alberta to base in Newfoundland and Labrador. Ontario, B.C., Saskatchewan, and Manitoba all requested 2% above base, while Quebec requested 1.5% and the remaining Atlantic provinces requested 1% above base. Directors addressed a variety of topics expected to impact supply and demand for chicken during A-196. These included anticipated population growth of 0.5% over the previous year, overall economic conditions which remain challenging and uncertain, and protein-specific items such as stable feed prices and continued upward price pressure on beef, especially ground beef, which could be favourable for chicken. Current market conditions were discussed in detail. Wholesale prices are currently above previous years, TRQ imports are ahead of pro rata, and storage stocks levels are below previous years, all of which suggest market strength. Directors also discussed the possible impact of future tariffs imposed by the current U.S. administration. Several directors noted that, given that A-196 falls during the peak demand season for chicken, ensuring that adequate supplies were available was especially important. Directors also noted that chick availability and quality were expected to be issues in the coming months.

Restaurants Canada noted that the federal government's HST holiday has been positive for the foodservice industry. It recommended 0% over the adjusted base for this period.

CPEP's further processing sector (FPPAC) recommended an increase of 1.5% above base. FPPAC's director noted that in 2024, significant volumes of chicken were removed from cold storage and that this was therefore unlikely to occur in 2025. As such, these supplies would need to come from domestic production. FPPAC also indicated that the current market was unseasonably strong with spot market prices for some chicken items approaching highs historically seen during the peak demand season. This emphasized the need for increased domestic supplies during A-196.

CPEP's primary processing sector noted that per capita disappearance of chicken had shown little growth over the several years, despite growth overall in the size of the market due to an increase in population. It recommended 0% above the adjusted base. Like other stakeholders, CPEP assumed that population growth would be 0.5% compared to the previous year during A-196. CPEP also estimated that all CPTPP TRQ would be used in 2025, noting that Chilean chicken producers have recently increased their production capacity.

Directors engaged in thorough discussions about the various factors expected to impact the market, and in the end voted to approve an allocation for A-196 of 2% 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 had the opportunity to put forward their perspectives and arguments, and a compromise was reached that promotes the industry's national interest.

Conclusion

The total provincial market requirements for period A-196 are 228,484,026 kilograms eviscerated weight. This total allocation consists of a domestic allocation of 221,482,454 kilograms eviscerated weight, a market development allocation of 5,315,782 kilograms eviscerated weight, and a specialty allocation of 1,685,790 kilograms eviscerated weight. The total domestic allocation is 3.8% higher than the total domestic production during the corresponding weeks last year, 5.0% higher than domestic production in the same weeks two years ago, and 9.3% higher than in the equivalent weeks three years ago.

CFC seeks Council's approval for a total allocation for period A-196 of 309,720,408 kg live weight.

1610 – 50 RUE O'CONNOR STREET, OTTAWA, ON K1P 6L2
CHICKEN.CA | CHICKENFARMERS.CA | POULET.CA | PRODUCTEURSDEPOULET.CA

Sincerely,

Michael Laliberté
Chief Executive Officer
Encl.

c.c CFC Directors

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

CHICKEN FARMERS OF CANADA
LES PRODUCTEURS DE POULET DU CANADA

Period A-196 Allocations (June 1, 2025 - July 26, 2025)
Allocations pour la période A-196 (1 juin 2025 - 26 juillet 2025)

Eviscerated weight / Poids éviscéré

	Domestic Allocation Allocation domestique	Market Development Allocation Allocation à l'expansion du marché	Specialty Allocation Allocation de spécialité	Total Allocation Allocation totale
BC / C.-B.	30,399,829	203,301	996,118	31,599,248
AB	22,666,828	110,340	0	22,777,168
SK	7,346,930	661,500	0	8,008,430
MB	9,134,881	220,500	0	9,355,381
ON	76,996,160	2,094,766	689,672	79,780,598
QC	57,988,153	2,025,375	0	60,013,528
NB / N.-B.	5,893,439	0	0	5,893,439
NS / N.-É.	7,384,875	0	0	7,384,875
PEI / Î.-P.-É.	784,203	0	0	784,203
NL / T.-N.-L.	2,887,156	0	0	2,887,156
CANADA	**221,482,454**	**5,315,782**	**1,685,790**	**228,484,026**

Live weight / Poids vivant

	Domestic Allocation Allocation domestique	Market Development Allocation Allocation à l'expansion du marché	Specialty Allocation Allocation de spécialité	Total Allocation Allocation totale
BC / C.-B.	41,360,312	276,600	1,355,263	42,992,175
AB	30,814,067	150,000	0	30,964,067
SK	9,995,823	900,000	0	10,895,823
MB	12,428,410	300,000	0	12,728,410
ON	104,020,751	2,830,000	931,738	107,782,489
QC	78,734,763	2,750,000	0	81,484,763
NB / N.-B.	7,898,993	0	0	7,898,993
NS / N.-É.	9,982,259	0	0	9,982,259
PEI / Î.-P.-É.	1,063,326	0	0	1,063,326
NL / T.-N.-L.	3,928,103	0	0	3,928,103
CANADA	**300,226,807**	**7,206,600**	**2,287,001**	**309,720,408**

February 4, 2025 / 4 février 2025