



Farm Products Council
of Canada

Conseil des produits agricoles
du Canada

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

April 11, 2025

Mr. Roger Pelissero
Chair
Egg Farmers of Canada
21 Florence Street
Ottawa, Ontario K2P 0W6

Subject: Proposed Amendments to the *Canadian Egg Marketing Agency Quota Regulations, 1986*

Dear Mr. Pelissero,

At its April 11, 2025, meeting, the Farm Products Council of Canada (Council) reviewed the proposed amendments to Schedule 1 (Federal Quota) and 1.1 (Special Temporary Market Requirement Quota - STMQRQ) of the *Canadian Egg Marketing Agency Quota Regulations, 1986*, as outlined in your letter of March 19, 2025, for the allocation period that began on December 29, 2024 and ends on December 27, 2025.

Following a thorough review of the rationale provided by the Egg Farmers of Canada (EFC) and internal analysis, Council members found that the amendments are necessary for the implementation of EFC's marketing plan. The amendments will come into force on April 20, 2025.

Should you have any questions, please do not hesitate to contact me or Lisa Melanson-Daigle, Council Secretary, by email at fpcc.secretariat.cpac@fpcc-cpac.gc.ca.

Sincerely,

Brian Douglas
Chair

March 19, 2025

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

Re: 2025 Special Temporary Market Requirement Quota Allocation

Dear Brian:

Egg Farmers of Canada (EFC) is seeking Farm Products Council of Canada (FPCC) prior approval for an amendment to Schedule 1.1, Special Temporary Market Requirement Quota (STMQRQ), of the Canadian Egg Marketing Agency Quota Regulations effective December 29, 2024, to December 27, 2025. This amendment was unanimously approved by the EFC Board of Directors (EFC Board) on March 19, 2025. Drafting instructions reflecting the amendments have been provided to FPCC at the same time as the Department of Justice. Official stamped copies of the Quota Regulations amending package will be forwarded to your office in accordance with established blue stamp process timelines.

The STMQRQ category was created as a fiscally prudent risk mitigation tool to increase domestic supply for the processing industry, lessening reliance on imports, specifically supplementary requests. STMQRQ focuses on identifying eligible flocks to produce beyond the typical flock cycle where facility and other conditions have been met. Flocks participating in STMQRQ do so on a temporary basis in response to urgent requirements in the processing marketplace. As such, STMQRQ production is dedicated to processors and subject to the prevailing pricing under the Industrial Products (IP) Program; no eggs produced under STMQRQ are destined to the table market. To ensure an equitable, predictable and controlled supply to Canadian processors, the IP Program assumes the expenses for transportation from the production facility to the processor. No other costs of STMQRQ production are incurred in the IP Program. Egg boards are responsible for the management of the program through Memorandums of Understanding (MOUs) with EFC and the respective processing stations. When STMQRQ supply is no longer required, EFC directs egg boards to remove participating flocks from production as soon as it is feasible to do so.

At time of the writing of this letter, the Canadian egg processing industry continues to face unprecedented times and a critical supply situation due to both the ongoing impacts of high

path avian influenza (HPAI) and the uncertainty caused by the evolving political climate in the United States. In Canada, approximately 1.2 million layers have been removed from production during the current 2024-2025 HPAI outbreak.

Due to these unprecedented times, the EFC BOD have communicated on the critical nature of the need for domestic supply in Canada to egg boards and farmers. EFC continues to collaborate with egg boards to address the need for higher STMRQ production in order to strengthen the supply chain for the processing industry. Year to date, some egg boards are experiencing constraints with the number of layers they have been allocated for 2025 and have been forced to lease unutilized STMRQ from other egg boards. These leases are time consuming, creating risks of missed STMRQ opportunities as well as future uncertainty on potential STMRQ for the egg boards leasing out their STMRQ quota.

For the original STMRQ allocation in 2025, forecasts suggested the projected weekly average of processor market shortage would be equivalent to 1,320,728 layers. This total was then proportionately split among provinces using the excess barn capacity numbers collected from egg boards, while implementing a minimum threshold of 15,000 layers so that relatively small provinces/territories could still accommodate common flock sizes. One exception to this minimum was for NWT, which was set at zero due to a lack of capacity as reported by the egg board.

To alleviate delays and uncertainties in STMRQ production caused by the constraints of the provincial distribution of quota, the EFC BOD unanimously approved to increase the STMRQ allocation by fifty percent across all provinces plus an allocation of 22,500 layers to Northwest Territories due to new excess capacity.

After having duly taken into account the overbase factors and EFC's objects, the EFC BOD approved the overall Special Temporary Market Requirement quota allocation for the equivalent of 2,003,594 layers from April 20, 2025, to December 27, 2025.

With this proposed increase, Schedule 1.1 of the quota regulation would provide for the maximum production of approximately 47.5M dozens for the period of 52-weeks from December 29, 2024, to December 27, 2025; this is not intended to be a proxy for layer inventories nor gradings information.

Please see Schedule 1.1 below effective April 20, 2025.

Schedule 1.1 Dec. 29, 2024 – Dec. 27, 2025 Effective Date: April 20, 2025			
	Special Temporary Market Requirement Quota Dec. 29, 2024 – Apr. 19, 2025 (layer)	Special Temporary Market Requirement Quota Apr. 20, 2025 – Dec. 27, 2025 (layer)	Limits to Special Temporary Market Requirement Quota Prorated (doz.)
BC	102,521	153,782	3,662,769
AB	174,058	261,087	6,218,557
NT	-	22,500	413,412
SK	15,000	22,500	535,904
MB	175,013	262,520	6,252,685
ON	516,810	775,215	18,464,031
QC	256,409	384,614	9,160,714
NB	15,000	22,500	535,904
NS	35,917	53,876	1,283,213
PE	15,000	22,500	535,904
NL	15,000	22,500	535,904
Total	1,320,728	2,003,594	47,598,996

Best regards,



Roger Pelissero
Chair

copy EFC Board of Directors
FPCC Members
Drew Black, Chief Executive Officer

March 19, 2025

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

Re: 2025 Federal Quota Allocation

Dear Brian:

Egg Farmers of Canada (EFC) is seeking Farm Products Council of Canada (FPCC) prior approval for an amendment to Schedule 1, Federal Quota, of the Canadian Egg Marketing Agency Quota Regulations effective December 29, 2024, to December 27, 2025. This amendment was unanimously approved by the EFC Board of Directors (EFC Board) on March 19, 2025. Drafting instructions reflecting the amendments have been provided to FPCC at the same time as the Department of Justice. Official stamped copies of the Quota Regulations amending package will be forwarded to your office in accordance with established blue stamp process timelines.

The March 19 Board meeting package included a memo from legal counsel, David Wilson (Conway Baxter Wilson LLP), outlining EFC's legal and fiduciary duties pertaining to quota allocation, and to ensure that the obligations of the Federal-Provincial Agreement (FPA), replaced in November 2024 with the Federal-Provincial-Territorial Agreement (FPTA), and Farm Products Agencies Act (FPAA) are met (section 14.C of the EFC Board package). The March 19 EFC Board package also included a copy of Dr. Maurice Doyon's document *Discussion of Canadian Egg Quota Allocation Overbase Factors* (section 14.D of the EFC Board package), which EFC uses to assess the five overbase criteria as per the Canadian Egg Marketing Agency Proclamation.

Mr. Wilson's memo emphasized that the EFC Board has discretion regarding the allocation of quota, as determined in the 2006 Justice Shore ruling, and that the Quota Allocation Calculation (QAC) Policy can be used as a guideline in exercising that discretion to supply the Canadian market. Mr. Wilson also underlined the importance of the QAC Policy and that it was achieved by consensus. This consensus has allowed the QAC Policy to adapt and evolve in order to respond to various challenges and issues since the QAC Policy's initial adoption.

Dr. Doyon's report begins with the principle of comparative advantage of production and then addresses various province-by-province indicators related to overbase factors, as updated using the most current, finalized data. Professor Doyon's paper also explained the linkages of the various indicators to the overbase factors in the Proclamation and to EFC's statutory objects. Since 2016, the report also includes a discussion regarding initiatives implemented to reduce EFC's reliance on levy such as the Processor Agreement and the Natural Overrun Fee Program (previously the Service Fee Program), which have offset the cost of surplus production that is not required to satisfy Table Disappearance (TD).

The EFC Board continues to support Dr. Doyon's view that the indicators are best assessed in a holistic manner, rather than in isolation. This includes the use of alternative tools to augment decision-making, rather than relying solely on the overbase indicators. The selected indicators remain instructive and are closely linked to EFC's mandate.

The EFC Board reviewed TD growth rates for 2024, 2025, and 2026. Included in section 10.E.2, 2024, of the March 19 Board package, TD showed one of the strongest annual growth rates in recent history at 5.51%. Forecasted 2025 TD growth rates were unchanged from the rate presented to the EFC Board in November 2024 (4.12%), which incorporated per capita consumption, immigration trends, and existing data to develop a forecast that was supported by both the EFC Board and Canadian Poultry and Egg Processors (CPEP). Further, the Population Growth Factor used in initial Market and Population Growth (MPG) QAC calculations was recalculated based on updated population information published by Statistics Canada.

Population Growth Factor

In 2018, EFC implemented the Market and Population Growth (MPG) QAC, which in addition to current year TD estimates, uses TD estimates for both one year and two years in advance to assess Federal Quota changes. This enabled EFC to immediately approve quota increases that would meet a portion of the estimated growth in demand a year or two away when the additional layers are eventually put into production. Given the challenge to forecast future growth, the TD estimate for two years in advance uses historical population growth. Population growth has tended to be lower than total TD growth, so it was a conservative estimate to reduce the risk of over allocating quota, but still allow for an increase in quota to meet future demand. The growth estimate for this given year would be updated with the subsequent reconciliations of the QAC in future years. Specifically, the MPG QAC uses the simple average of the last three years of population growth to determine a population growth factor.

The estimated population growth rate used in the QAC is the average population growth rate for the last three years. The 2026 population growth estimate is 2.55%, which is the average annual population growth rate from 2022-2024, based on the latest available data published by Statistics Canada.

On March 19, the EFC Board reviewed a financial update included in section 13 of the EFC Board package. This update included an estimated 2M boxes of eggs (roughly 28M dozens) to be imported from the United States in the first half of 2025, during a period of record high prices for American eggs. This results in an expected cost of nearly \$200M to EFC's Unrestricted Pooled Income Fund caused by insufficient Canadian egg supply. As political tensions between Canada and the United States continues to threaten border relations, sourcing eggs from the United States through supplemental imports becomes an increasingly unsustainable practice that comes at a significant cost to Canadians and food sovereignty. As a result, the EFC Board assessed an additional allocation that mitigates the increasing reliance on supplemental imports over and above trade requirements. This allocation does not impact access levels provided through current trade deals.

2025 Quota Allocation Review

The 2025 Federal Quota allocation review can be found in section 14 of the March 19 EFC Board meeting package. The annual TD calculations used can be found on page 143 of the package.

The 2025 quota allocation review results in an increase of 1,353,964 layers from the following components:

- i. Increase of 23,418 layers from preliminary Final Reconciliation of the 2024 Market Population Growth (MPG) QAC Allocation;
- ii. Decrease of 108,149 layers from updated First Reconciliation of the 2025 Market Population Growth (MPG) QAC Allocation;
- iii. Decrease of 16,600 layers from updated First Calculation of the 2026 Market Population Growth (MPG) QAC Allocation;
- iv. Increase of 667,416 layers from very Preliminary First Calculation of the 2027 Market Population Growth (MPG) QAC Allocation; and,
- v. Increase of 787,879 layers from Ad-hoc allocation to mitigate supplemental imports.

2024 MPG QAC – Preliminary Final Reconciliation

The 2024 MPG QAC was most recently presented to the EFC Board in July 2024, for a total allocation of 1,231,463 layers. A preliminary final reconciliation was presented on March 19, rather than in August 2025, which stated an additional 23,418 layers were required, based on a full year of TD growth for 2024 (5.51%).

This preliminary final reconciliation uses the most recent TD information from the following combination of years to update the number of layers required to be put into production to meet demand:

- Year 1 (2022) – final 2022 TD data (1.03% growth);
- Year 2 (2023) – final 2023 TD data (5.33% growth); and,
- Year 3 (2024) – full year of 2024 TD data (5.51% growth).

This results in a total 2024 MPG QAC allocation increase of 1,254,881 layers. After accounting for the 1,231,463 layers already allocated, the net increase is 23,418 layers. As per the QAC Policy the final reconciliation is scheduled to occur at the August 2025 Board meeting once the 2024 TD is finalized.

2025 MPG QAC – Updated First Reconciliation

The 2025 MPG QAC was most recently presented to the EFC Board in November 2024 for a total allocation of 1,216,900 layers (first presented in November 2023 with a preliminary first reconciliation in July 2024). An updated first reconciliation was presented on March 19, which stated 108,149 less layers were required, based on a full year of TD growth for 2024 (5.51%) being lower than the extrapolated 2024 growth rate of 6.79% presented in November 2024.

This reconciliation uses the most recent TD estimates from the following combination of years to update the number of layers required to be put into production to meet future increases in demand:

- Year 1 (2023) – final 2023 TD data (5.33% growth);
- Year 2 (2024) – full year of 2024 TD data (5.51% growth); and,
- Year 3 (2025) – Year 3 TD uses the Year 2 TD plus the 2025 estimated growth rate of 4.12% as described above.

This results in a total 2025 MPG QAC allocation increase of 1,108,751 layers. After accounting for the 1,216,900 layers already allocated, the net decrease is 108,149 layers. The 2025 MPG QAC will be reconciled again in August 2025 to incorporate finalized 2024 TD and reassess the 2025 market growth followed by a final reconciliation in 2026.

2026 MPG QAC – Updated First Calculation

The 2026 MPG QAC was most recently presented to the EFC Board in November 2024 for a total allocation of 793,265 layers. An updated first reconciliation was presented on March 19, which stated 16,600 less layers were required, based on a full year of TD growth for 2024 (5.51%) being lower than the extrapolated 2024 growth rate of 6.79% presented in November 2024 and a minor decrease to the Population Growth Factor (from 2.59% to 2.55%).

This reconciliation uses the most recent TD estimates from the following combination of years to update the number of layers required to be put into production to meet future increases in demand:

- Year 1 (2024) – full year of 2024 TD data (5.51% growth);
- Year 2 (2025) – Year 2 TD uses the Year 1 TD plus the 2025 estimated growth rate of 4.12% as described above; and,
- Year 3 (2026) – Year 3 TD uses the Year 2 TD plus Population Growth Factor of 2.55%.

This results in a total 2026 MPG QAC allocation increase of 776,665 layers. After accounting for the 793,265 layers already allocated, the net decrease is 16,600 layers. The 2026 MPG QAC will be reconciled again in August 2025 to incorporate finalized 2024 TD and to reassess the 2025 and 2026 market growth, followed by future reconciliations as updated information becomes available.

2027 MPG QAC – Very Preliminary First Calculation

A very preliminary calculation of the 2027 MPG QAC was presented to the EFC Board for the first time on March 19. A preliminary calculation is scheduled to be presented at the August 2025 EFC Board meeting, and as per the QAC Policy the first calculation is scheduled to occur at the November 2025 EFC Board meeting. It uses TD from the following combination of years to mitigate the time it takes for layers from allocations to be put into production and ensure layers will be available to meet future increases in demand:

- Year 1 (2025) – 2025 TD uses the 2024 full year of TD data plus the 2025 estimated growth rate of 4.12% as described above;
- Year 2 (2026) – Year 2 TD uses the estimate for Year 2 TD plus the population growth factor of 2.55%; and,
- Year 3 (2027) – Year 3 TD uses the estimate for Year 2 TD plus the population growth factor of 2.55%

This results in a total 2027 MPG QAC allocation increase of 667,416 layers. The 2027 MPG QAC will be next reconciled in August 2025 to reassess the 2025 and 2026 market growth, and an updated Population Growth Factor for 2027, followed by future reconciliations as updated information becomes available.

Allocation to Offset Supplemental Imports

On March 19, EFC Board reviewed the quantity of supplemental imports in section 14.A of the EFC Board package. From 2015 to 2024, an average of 24,396,804 dozens of eggs were imported into Canada using supplemental import permits. Current forecasts expect upwards of 35M dozens being imported in 2025 using supplemental import permits alone. Including 2025 forecasts, a three-year average of supplemental imports totals 20,902,420 dozens.

The quantity of imports is a result of domestic egg supply not being available, primarily due to insufficient Canadian egg production. Given the sustained reliance on imports, compounded with current trade uncertainty, the EFC Board assessed a quota allocation that seeks to offset the three-year average of supplemental imports. Converted using the COP Rate of Lay, the ad-hoc allocation to offset imports includes 787,879 layers. This allocation was deemed necessary by the EFC Board to mitigate reliance on imports, while still protecting the access levels afforded by current trade deals.

This allocation will assist Canadian egg farmers in meeting Canadian egg demand without reliance on external trading partners over and above our trade requirements.

Egg Industry Support for the QAC Policy

The Canadian egg industry strongly supports the QAC Policy as a reasonable balance between differential growth and economic activity in all jurisdictions. The QAC Policy strikes a balance between regional needs and the management of a national system. The EFC Board was unanimous in its agreement to use the QAC Policy guidelines to allocate quota for the 2025 fiscal year, after duly considering the overbase factors and EFC's objects.

EFC views the results of the QAC Policy as achieving regional balance, while addressing competitiveness. 88% of the proposed allocation increase is distributed to 89% of the Canadian population, recognizing areas with differential growth.

Schedule 1 of the Quota Regulation

EFC is seeking an allocation increase of 1,353,964 layers for a total allocation of 35,251,608 layers. EFC recognizes that is an ambitious allocation increase relative to the allocation increases that occurred during the COVID-19 pandemic; however, the increase is required in order to meet Canadian consumer demand with domestic supply, and mitigate the risk of reliance on imports over and above trade requirements.

It should be noted that these new layers would likely not be put into production immediately. The placement of new quota allocations is managed by egg boards; that, and the fact that it takes 19-weeks to raise layers to production maturity, EFC estimates that 40% of the allocation will be placed within 8 months, with an additional 30% placed within 12 months, ready to meet the demands of the 2026 market. The remaining 30% is expected to be placed by early 2027. It is estimated the increased production capacity will meet future demands of both table and processing markets.

With this proposed increase, Schedule 1 of the quota regulation would provide for the maximum production of approximately 956M dozens for the period of 52-weeks from December 29, 2024, to December 27, 2025; this is not intended to be a proxy for layer inventories nor gradings information.

Schedule 1 Dec. 29, 2024 - Dec. 27, 2025 Effective date: April 20, 2025			
	Domestic Regulated Quota Dec. 29, 2024 - April 19, 2025 (layer)	Domestic Regulated Quota April 20, 2025 - Dec. 27, 2025 (layer)	Limits to Federal Quotas Prorated (doz.)
BC	4,275,979	4,469,057	121,024,112
AB	3,642,779	3,820,180	103,885,858
NT	149,408	152,389	4,020,038
SK	1,551,114	1,615,563	43,905,997
MB	2,908,564	2,966,626	80,225,485
ON	12,205,203	12,722,813	345,393,574
QC	6,904,143	7,186,434	194,947,903
NB	652,878	678,881	18,287,325
NS	986,142	1,005,828	27,449,670
PE	165,559	168,863	4,558,555
NL	455,875	464,974	12,305,936
TOTAL	33,897,644	35,251,608	956,004,453

In summary, EFC looks forward to moving ahead with its QAC Policy allocations for 2025 which will ensure that EFC can provide enough domestic supply to meet the demand of Canadian consumers.

Best regards,



Roger Pelissero
Chair

copy: EFC Board of Directors
FPCC Members
Drew Black, Chief Executive Officer