

November 3, 2021

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The 268th TFC Meeting in Toronto is soon approaching, at which it is anticipated that preliminary allocations for the 2022-23 control period will be discussed. Accordingly, the purpose of this correspondence is to record TFO's views on any potential decisions that TFC may make with regards to 2022/23 control period commercial allocations, including any subsequent quota regulation submissions to Farm Products Council of Canada that may be undertaken by TFC in relation to such decisions.

CTMA Proclamation

The Agency is fully aware that legally, any quota order submitted for prior approval must take into consideration of the criteria laid out in the Proclamation. Moreover, such consideration must be genuine. The report of the Complaint Committee regarding the 2004 complaint filed by British Columbia noted that TFC is required to give <u>careful</u> and <u>meaningful</u> consideration to how the criteria are applied, and that "to blindly ignore this statutory requirement is not an option available to an agency in the exercise of its decision-making authority."

National Commercial Allocation Policy

Quota regulation submissions including those made regarding the 2019/20 control period, demonstrate that TFC applied the Proclamation criteria through its utilization of the previous National Commercial Allocation Policy of which, the request-driven process by which the FP quotas were set was a pivotal constituent element. In that regard, having a mechanism in place that facilitated individual processor requests enabled TFC to apply the Proclamation criteria in a transparent, evidenced based fashion that mitigated against the tendency to default to a formulaic, market share approach.

In TFO's view, any pre-existing concurrence of the Agency members on how the criteria were applied was repudiated by the decision of the Agency to suspend the National Commercial Allocation Policy and any administration thereof at the 262nd Meeting in June 2020. In the absence of a new commercial allocation policy – which, while in development, is not yet complete - it is not evident to TFO that the

Proclamation criteria were taken into account in setting quotas for either the 2020/21 or 2021/22 control periods. TFO has further concern that the Agency may not give careful and meaningful consideration of the criteria in setting allocations for the 2022/23 control period, particularly if historical "pro rata" market shares are used as the most significant factor in setting those allocations.

Allocation Policy Review Committee

TFO members on the Allocation Policy Review Committee have consistently articulated that any new commercial allocation policy must take into account the Proclamation criteria. In TFO's view, the best approach by which the Proclamation criteria can be taken into consideration is a process by which processors and provinces can request allocations for further processed products. TFO has advocated with the committee that the prior FP request process has fostered demonstrably new and innovative products in the market in recent years, thereby furthering the Agency's object "to promote a strong, efficient and competitive production and marketing industry".

In TFO's opinion, the alternative approaches currently before the committee do not give a careful and meaningful consideration of the Proclamation criteria in the absence of a request-based process.

Next Steps

As already communicated in our correspondence to TFC dated June 25, 2021, TFO urges the Allocation Policy Review Committee to complete its work **in advance of** any decisions being made on the 2022-23 allocations. The upcoming meeting of the committee on November 8-9 is of utmost importance, in this regard.

In the absence of a new commercial allocation policy, it is not apparent to TFO what decisions on the 2022-23 allocations may or may not be made at the 268th Meeting. As a result, TFO will be monitoring the decisions reached at the 268th meeting and will react accordingly as required.

We kindly request that this correspondence be shared both to the directors/alternates/managers, as well as the members of the Allocation Policy Review Committee. Particularly with regards to the latter, we request this be shared in advance of the November 8-9 meeting of the committee.

Respectfully submitted,

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Matt Steele

Vice Chair, TFO and TFC Director-Ontario