



Farm Products Council
of Canada

Conseil des produits agricoles
du Canada

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Édifice 59
960, avenue Carling
Ottawa, Ontario K1A 0C6

Le 14 août 2024

Monsieur Darren Ference
Président
Les Éleveurs de dindon du Canada
7145, avenue West Credit
Édifice 1, bureau 202
Mississauga (Ontario) L5N 6J7

Objet: Modifications proposées au *Règlement canadien sur le contingentement de la commercialisation du dindon (1990)*

Cher Monsieur Ference,

Lors de sa réunion du 13 août 2024, le Conseil des produits agricoles du Canada (le Conseil) a examiné les modifications proposées au *Règlement canadien sur le contingentement de la commercialisation du dindon (1990)* tel que demandé dans la requête datée du 16 juillet 2024, pour la période réglementaire 2024-25, qui commence le 28 avril 2024 et se termine le 26 avril 2025.

Après un examen approfondi de la justification fourni par les Éleveurs de dindon du Canada (ÉDC) 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 l'Office canadien de commercialisation des dindons*.

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



July 16, 2024

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

Dear Mr. Douglas:

Re: **Canadian Turkey Quota Regulations 2024/2025**

Please find enclosed a submission from the Turkey Farmers of Canada (TFC) revising the 2024/2025 Quota Regulation. The attached submission was approved by the TFC Board of Directors earlier this date. We request that this be given consideration and prior approval by the Farm Products Council of Canada at its earliest convenience.

The proposed allocation is the result of discussions and motions at the TFC 278th Meeting of June 19-20, 2024, the TMAC meeting of May 30, 2024, and the TFC Allocation Policy, which guides the distribution of Commercial Allocation. The rationale for the proposed allocation amendment, reflecting decisions of the TFC Directors and consideration of the Proclamation Criteria as guided by the Allocation Policy is set out in the submission and appendices.

Should your staff have any questions on this submission, please do not hesitate to have them contact our office.

We look forward to the Council's consideration and prior approval of this amendment.

Sincerely,

Phil Boyd
Executive Director

Encls.

c. M. Kotipelto, FPCC

Canadian Turkey Marketing Agency c.o.b. **Turkey Farmers of Canada**

Submission to: Farm Products Council of Canada
Regarding: Amendment to the Schedule to the Canadian Turkey Marketing Quota Regulation (1990) for 2024/2025
Date: July 16, 2024

This submission provides background and rationale for revising the federal quota with respect to the inter-provincial and export trade of turkey at 165,809,872 kg for the 2024/2025 Control Period.

Contents:

- 1) Relevant Motion
- 2) Federal Turkey Allocations
- 3) Turkey Market Advisory Committee (TMAC) Report and Turkey Market Review (TMR)
 - a) Regarding Whole Birds
 - b) Regarding Further Processed Production
- 4) Consideration at the TFC 278th Meeting Regarding Market Requirements
- 5) 2024/2025 Federal Quota and Conditional Allocations
 - a) Multiplier Breeder Allocation
 - b) Primary Breeder Allocation
 - c) Export Policy Allocations
- 6) The National Commercial Allocation Policy and Statutory Obligations
- 7) List of Appendices

1) Relevant Motion

At the TFC 278th Meeting of June 19-20, 2024, the following motion revised the commercial quota for the 2024/2025 Control Period:

To revise the commercial allocation for the 2024/2025 Control Period to 132,750,000 kg.

The motion decreasing the commercial allocation by 1,950,000 kg resulted from the Directors' consideration of the TMAC assessment of the turkey market, the TMR and discussion.

2) Federal Turkey Allocations

As per the motion and allocations under conditional policies, the 2024/2025 federal quota for turkey, excluding the unregulated area, consists of the following components:

2024/2025 Federal Turkey Allocations			
		Pounds	Kilograms
A	Commercial Allocation	292,663,654	132,750,000
B	Multiplier Breeder	6,055,485	2,746,722
C	Primary Breeder	4,625,475	2,098,080
	Export Policy:		
D	<i>Section 1 Parts</i>	<i>41,828,449</i>	<i>18,973,065</i>
E	<i>Section 1 Whole</i>	<i>7,284,073</i>	<i>3,304,000</i>
F	<i>Section 2 Planned Exports</i>	<i>6,571,636</i>	<i>2,980,844</i>
G	<i>Section 3 Live</i>	<i>6,519,424</i>	<i>2,957,161</i>
H=D+E+F+G	Total Export	62,203,582	28,215,070
I=A+B+C+H	Total Quota	365,548,196	165,809,872
J	Base Allocations, Proclamation S. 3	213,940,000	97,041,552
K=I-J	Over Base Allocations	151,608,196	68,768,320

3) Turkey Market Advisory Committee (TMAC) Report and Turkey Market Review (TMR)

The TMAC report to the TFC 278th Meeting, noted the following:

a) Regarding Whole Birds:

- May 1, 2024, stocks were 17.2 mkg, 4.0 mkg higher than forecast in March.
- Much of the difference between the March forecast and actual stocks was due to higher-than-expected whole bird production and lower-than-expected further processing production at the end of 2023/2024.
- As 2024/2025 opening stocks are higher than had been expected, TMAC expects that primary processors will reduce whole bird production accordingly.
- For 2024/2025, the forecast commercial allocation required to satisfy whole bird demand is 48.4 mkg.

b) Regarding Further Processed Production:

- May 1, 2024, stocks were 2.4 mkg, 0.5 mkg below the March forecast.
- Most of the difference between forecast and actual stocks was due to lower-than-expected further processed bird production at the end of the control period. For the control period, breast meat production was 25.9 mkg instead of the forecast 26.7 mkg. This difference of 0.8 mkg is equivalent to 3.1 mkg of whole production.
- Imports of breast meat in 2023/2024 were 0.2 mkg below forecast (equivalent to 0.76 mkg of whole production).
- Decreases to supply in 2023/2024 were partially offset by decreased disappearance, which at 26.9 mkg was 0.4 mkg below forecast.
- For 2024/2025, TMAC noted that if the commercial allocation were held at 134.7 mkg that processors may divert more production to further processing. The result would be 86.2 mkg of commercial allocation going to further processing, up from the March forecast of 82.6 mkg, adding an additional 1.0 mkg of breast meat supply.
- As 2023/2024 domestic disappearance was lower than forecast, accordingly, forecast disappearance for 2024/2025 was lowered to 28.0 mkg from 28.7 mkg.
- Imports were forecast at 2.2 mkg for 2024/2025 based on estimates that use of TRQ under WTO/CUSMA will be close to 100% and only 65% under CPTPP.
- After consideration of the previous points, closing May 1, 2025, breast meat stocks were forecast at 2.9 mkg, versus the previous forecast of 1.9 mkg (equivalent to 3.8 mkg production).
- Based on the forecast S&D for breast meat, TMAC recommended that the TFC Directors review the commercial allocation that was set at the TFC March meeting.

4) Consideration at the TFC 278th Meeting Regarding Market Requirements

In their discussions the TFC Directors focused on the outlook for import volumes and the amount of turkey required to satisfy the needs of the FP market for breast meat.

It is expected that most of the WTO/CUSMA TRQ will be used in 2024 and in 2025, as TRQ fill rates are on average over 95%. Given recent history, imports under CPTPP are proving harder to predict. Several scenarios were looked at, but as the amount of CPTPP TRQ used after the 7th week of the 2024/2025 import year was 0, a scenario where only half of the CPTPP TRQ is utilized was seen as possible.

After taking the mid-range of possible imports under CPTPP into account and the changes in the market noted above, the TFC Directors agreed to revise the commercial allocation to 132,750,000 kg, a decrease of 1.95 mkg. This decrease in the commercial allocation, along with the outlook for lower imports reduces the forecast opening stocks on May 1, 2025, to 2.1 mkg from the TMAC forecast of 2.9 mkg.

5) 2024/2025 Federal Quota and Conditional Allocations

The TFC quota is the sum of the commercial allocation as detailed, and the following conditional allocations:

- a) Multiplier Breeder,**
- b) Primary Breeder, and**
- c) Export Policy.**

The TFC's three Conditional Allocation Policies result in the following allocations.

a) Multiplier Breeder Allocation

Canada's multiplier turkey breeding industry supplies eggs and poults domestically and for export. Production of turkey hatching eggs is not supply managed but, as spent breeder production is, an allocation for multiplier breeders is necessary.

The Multiplier Breeder Policy Allocation facilitates mature turkey marketings, without impeding sales of hatching eggs and poults. Based on volumes when the Policy was developed, some spent marketings are covered by the reference level portion of the commercial allocation, with the rest covered by policy utilizations. To arrive at Multiplier Breeder allocations, reference levels are subtracted from mature marketing forecasts. For the 2024/2025 Control Period, 2,746,722 kg has been allocated.

b) Primary Breeder Allocation

Canada's primary turkey breeding industry provides breeding stock to multiplier breeders globally. As the production of eggs and poults is not supply managed, but the marketing of by-product live turkeys is, 2,098,080 kg eviscerated is allocated to facilitate the needs of this industry.

c) Export Policy Allocations

Export Policy allocations are comprised of the following components:

Section 1 – Parts: These allocations are utilized when parts are exported subject to policy terms. Upper limits on utilizations that may be earned on part exports have been established for each province. As a practical matter, the upper limits, totaling 18,973,065 kg are allocated.

Section 1 – Whole Bird: There is no upper limit on the policy utilizations that may be earned on the export of whole turkeys. For each kg exported, a policy utilization of 1 kg is earned. Whole bird allocations are based on forecasts provided by Provincial Boards in consultation with exporting firms. For the 2024/2025 Control Period, 3,304,000 kg has been allocated.

Section 1 – Carry-Forward: Provincial Boards are permitted to carry-forward one-sixth of Export Policy Utilizations earned in a control period to the following if they have not already been used. It is not possible for this allocation to be determined until the Control Period Reconciliation has been finalized. It is normal procedure for this to be completed in September of each year, and for this allocation to be made at that time.

Section 2 – Planned Exports: These allocations reflect production to be used for planned exports. This section accommodates firms exporting whole birds and/or breast meat along with co-product wings, thighs, and drums. Whole bird exports earn utilizations on a 1-to-1 basis. Part exports only generate utilizations if breast meat and co-product wings, thighs and drums are exported. Allocations are based on forecasts provided by Provincial Boards in consultation with exporters. Allocations totaling 2,980,844 kg have been made.

Section 3 – Live Exports: Allocations for live exports are based on forecasts provided by Provincial Boards in consultation with exporters. Export documentation is tracked by the TFC, and volumes are reflected in the Control Period Reconciliation. In consultation with the provinces, 2,957,161 kg has been allocated.

6) The National Commercial Allocation Policy and Statutory Obligations

The National Commercial Allocation Policy guides the Agency in its consideration of the CTMA Proclamation Criteria and in making allocations to provinces.

Consideration of the FPAA and the Proclamation Criteria with regards to the Commercial Allocation

A commercial allocation of 132,750,000 kg, 11,250,000 kg below the starting point allocation of 144,000,000 kg in the Agency's National Commercial Allocation Policy, is necessary to maintain a strong, efficient industry. Sections 4.01 and 4.02 of the National Commercial Allocation Policy provides for allocations at or below 144,000,000 kg to be made on a pro-rata basis. Consistent with the objects of an Agency in the FPAA, this is seen as a means of maintaining a viable industry in all provinces. The Agency believes it would be unreasonable, for the sake of preserving production stability in the industry, to implement radically different allocations for each control period, as the national allocation shares capture historic production patterns.

The CTMA Marketing Plan:

The aggregate of base provincial allocations (excluding the unregulated area) set out in Table 1 of Section 3 of the CTMA Marketing Plan for the year 1973 equals 97,041,552 kg.

Part 2 (1) of the CTMA Marketing Plan states:

“The Agency shall, by order or regulation, establish a quota system by which quotas are assigned to all members of classes of turkey producers in each province to whom quotas are assigned by the appropriate Board or Commodity Board.”

Since the market for turkeys is greater than the volumes set out in the Marketing Plan and the Agency is responsible for establishing a quota system, an overbase allocation must be made. By province, the allocation table in Appendix I illustrates total allocations for 2024/2025, the base allocations as per the Marketing Plan and the Over Base Allocations for 2024/2025.

7) List of Appendices:

Appendix I:	2024/2025 Allocation Table
Appendix II:	2024/2025 Allocation Table for Consideration Presented to the TFC 278 th Meeting
Appendix III:	TMAC Report to the TFC 278 th Meeting
Appendix IV:	TMR prepared for the TFC 278 th Meeting

2024/2025 PROVINCIAL TURKEY ALLOCATIONS - KILOGRAMS

Reflecting decisions of the TFC Directors during their 278th Meeting of June 19-20, 2024.

	TOTAL	BC	AB	SK	MB	ON	QC	NB	NS
A) Commercial Allocation	132,750,000	17,491,533	12,614,688	4,544,611	8,310,014	53,100,000	29,769,789	3,070,222	3,849,143
B) Multiplier Breeder									
1) Reference %			1.62%	0.60%	3.28%	2.13%	1.75%		
2) Reference Level (AxB1)			204,358	27,268	272,568	1,131,030	520,971		
3) Egg & Poult Cap						1,488,166			
4) Reference Level Total (B2+B3)			204,358	27,268	272,568	2,619,196	520,971		
5) Forecast Marketings	6,113,486				1,056,460	4,582,026	475,000		
6) Conditional Allotment (B5-B4, or "0")	2,746,722				783,892	1,962,830			
C) Primary Breeder	2,098,080					2,098,080			
D) Conditional Export Policy Allocations									
1) Section 1 - Upper Limit on Parts	18,973,065	1,292,411	1,557,377	603,252	1,133,726	11,254,574	2,290,528	370,726	470,471
2) Section 1 - Whole Bird Exports	3,304,000					3,304,000			
3) Section 1 - Carry-Forward									
4) Section 2 - Placements for Export	2,980,844					1,760,044	1,220,800		
5) Section 3 - Live (evis.)	2,957,161				2,957,161				
6) Total Conditional Export Policy Allocations	28,215,070	1,292,411	1,557,377	603,252	4,090,887	16,318,618	3,511,328	370,726	470,471
E) Overmarketings									
F) Total Allocations (A+B+C+D+E)	165,809,872	18,783,944	14,172,065	5,147,863	13,184,793	73,479,528	33,281,117	3,440,948	4,319,614
Base Allocations (as per the proclamation)	97,041,552	9,298,644	8,278,061	3,628,739	7,824,468	41,730,498	24,493,988	653,173	1,133,981
Over Base Allocations	68,768,320	9,485,300	5,894,004	1,519,124	5,360,325	31,749,030	8,787,129	2,787,775	3,185,633

2024/2025 Allocation Worksheet - 278th TFC

	Total	BC	AB	SK	MB	ON	QC	NB	NS
Section 1: Commercial Allocation									
Shares as per Policy	a	18,973,866	13,683,729	4,929,748	9,014,253	57,600,000	32,292,652	3,330,410	4,175,342
Adjustment +/- Starting Point	b	- 1,482,333	- 1,069,041	- 385,137	- 704,239	- 4,500,000	- 2,522,863	- 260,188	- 326,199
2024/2025 Commercial Allocation	c=a+b	17,491,533	12,614,688	4,544,611	8,310,014	53,100,000	29,769,789	3,070,222	3,849,143
Section 2: Conditional Multiplier Breeder									
Reference %	a		1.62%	0.60%	3.28%	2.13%	1.75%		
Reference Level	b=1e*a	-	204,358	27,268	272,568	1,131,030	520,971	-	-
Egg & Poults Cap	c					1,488,166			
Reference Level Total	d=b+c	-	204,358	27,268	272,568	2,619,196	520,971	-	-
Forecast Marketings	e	-	-	-	1,056,460	4,582,026	475,000	-	-
Conditional Multiplier Allocation	f=e-d	-	-	-	783,892	1,962,830	-	-	-
Section 3: Conditional Primary Breeder	a	-	-	-	-	2,098,080	-	-	-
Section 4: Conditional Export Policy									
Section 1 Parts	a	1,292,411	1,557,377	603,252	1,133,726	11,254,574	2,290,528	370,726	470,471
Section 1 Whole Bird	b	-	-	-	-	3,304,000	-	-	-
Section 1 Carry-Forward	c	-	-	-	-	-	-	-	-
Section 2 Placement for Export	d	-	-	-	-	1,760,044	1,220,800	-	-
Section 3 Live (evis. Equivalent)	e	-	-	-	2,957,161	-	-	-	-
Conditional Export Policy Allocation	f=sum(ae)	1,292,411	1,557,377	603,252	4,090,887	16,318,618	3,511,328	370,726	470,471
Section 5: 2023/2024 Overmarketings	a	-	-	-	-	-	-	-	-
Section 6: Total Allocation for Consideration (1e+2f+3a+4f-5a)		18,783,944	14,172,065	5,147,863	13,184,793	73,479,528	33,281,117	3,440,948	4,319,614

Turkey Farmers of Canada
278th Meeting
June 19-20, 2024

AGENDA # 2a.

[TURKEY MARKET ADVISORY COMMITTEE (TMAC) REPORT]

*TMAC Report based on May 1, 2024, Inventories: 2024/2025
Control Period Commercial Allocation*

Quota System: Market, Supply, Policy

Background

At the TFC 277th Meeting in March 2024, the TFC Directors set the 2024/2025 Commercial Allocation at 134.7 mkg, consisting of a Whole Bird (WB) allocation requirement of 52.1 mkg and a Further Processed (FP) requirement of 82.6 mkg, based on supply and disappearance (S & D) forecasts as illustrated below.

Formula	S & D Variables	Whole Bird Scenario	Breast Meat Scenario
(a)	Opening Stocks	13.2	2.9
(b)	Production	61.6	25.5
(c)	Imports	0.0	2.2
(d) = a + b + c	Total Supply	74.7	30.6
(e) = d – h	Total Disappearance	62.1	28.7
(f)	Exports	4.1	0.0
(g) = e - f	Domestic Disappearance	58.0	28.7
(h)	Closing Stocks	12.7	1.9
(i)	Population	41.2	
(j) = g ÷ i	Per Capita Consumption (kg)	1.41	0.697
(k) = h ÷ e	Stock-to-Use Ratio	20.4%	6.5%
(l)	WB Stuffing & Basting	5.4	
(m) = b – f – l	WB Allocation	52.1	
(n) = b ÷ 26.25%	Total FP Production		97.1
(o)	Quota Utilization Rate		98.3%

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Formula	S & D Variables	Whole Bird Scenario	Breast Meat Scenario
$(p) = n \div b$	Adjusted utilizations & FP		98.8
(q)	Calendar Adjustment		100.4%
$(r) = p \div q$	Total Util. & FP Production		98.4
(s)	Conditional Utilizations		15.8
$(t) = r - s$	FP Allocation		82.6

At the TFC March meeting, the Directors agreed that factors limiting CPTPP imports would persist into 2024/2025 and agreed that a scenario where only 65% of CPTPP TRQ is utilized was more likely. Therefore, with respect to imports for 2024/2025, the above forecasting of 2.2 mkg of breast meat imports is based on 65% utilization of the CPTPP TRQ, of approximately 1.1 mkg of breast meat and 1.1 mkg under the WTO TRQ.

TMAC Meeting of May 30, 2024

2023/2024 Control Period Highlights:

Upon reviewing the final supply and disappearance data for the 2023/2024 Control Period based on May 1st stocks, the following is important to note relative to the above forecasts from the TFC March meeting (also see table below).

1. Actual opening WB stocks are 17.2 mkg (28.5% stock-to-use ratio) (versus 13.2 mkg, 21.6% SU ratio from the March forecast), 4.0 mkg higher.
 - a. This was a result of higher actual WB production of 64.7 mkg versus the forecast of 61.1 mkg (i.e., 3.6 mkg difference) and slightly lower exports.
2. Actual opening breast meat stocks are 2.4 mkg (8.8% SU ratio) (versus 2.9 mkg, 10.5% SU ratio from the March forecast), 0.5 mkg lower.
 - a. This was the result of lower actual breast meat production of 25.9 mkg versus the forecast of 26.7 mkg (i.e., 0.8 mkg difference and approximately equal to 3.1 mkg of whole bird eviscerated equivalent), lower imports of 0.2 mkg, and offset by lower disappearance of 0.4 mkg.

TMAC's assessment is that the higher actual WB production and lower breast meat production, relative to the March forecasts, is likely a result of Avian Influenza (AI), which resulted in more lighter weight birds being marketed and bagged late in the control period, relative to what would have occurred otherwise throughout the entirety of the control period.

2023/2024 Results: March (f) versus Final	Whole Bird			Breast Meat		
	March (f)	Final	Difference	March (f)	Final	Difference
Opening Stocks	12.9	12.9	0.0	1.7	1.7	0.0
Production	61.1	64.7	3.6	26.7	25.9	- 0.8
Imports	0.3	0.3	0.0	1.8	1.6	- 0.2
Total Supply	74.2	77.8	3.6	30.2	29.3	- 0.9
Total Disappearance	61.1	60.6	- 0.5	27.3	26.9	- 0.4
Exports	4.1	3.4	- 0.7	0.0	0.0	0.0
Domestic Disappearance	57.0	57.1	0.1	27.3	26.9	- 0.4
Closing Stocks	13.2	17.2	4.0	2.9	2.4	- 0.5
PCC	1.4	1.4	0.0	0.68	0.66	- 0.02
Stock to Use %	21.6%	28.5%	6.9%	10.5%	8.8%	- 1.7%
FP Production				101.9	98.8	- 3.1

(f) Forecast.

2024/2025 Control Period Forecasts:

Working from the TFC Directors' decision at the TFC 277th Meeting in March and holding the commercial quota constant at 134.7 mkg, set out below is TMAC's WB and breast meat forecasts for 2024/2025.

Whole Bird

Given the higher opening stocks (17.2 mkg) relative to the March forecast (13.2 mkg), TMAC expects the processing industry to adjust its WB production (i.e., bagging) downwards in 2024/2025. The lower wholesale pricing seen March 2024, is expected to create an incentive to reduce WB supply. TMAC's forecast for 2024/2025 factors in a 4.2 mkg reduction for WB production for the domestic market, coupled with anticipated lower exports of 1.6 mkg, resulting in a total lower production of 5.8 mkg.

TMAC has opted to leave the forecast domestic disappearance number at 58.0 mkg. The rationale remains the same as in the February report and is directly related to the beef market (i.e., forecast continued reductions in beef supply and increased pricing), the anticipation that retailers will continue to feature turkey at festive due to its competitive position versus beef and pork and there is likely not a better time for the turkey industry to be positive on the product it is producing.

The disappearance forecast of 58.0 mkg is not unanimous. Concern was expressed that this forecast is too high, as it does not reflect the long-term movement of consumers away from the WB for demographic reasons and total unit cost considerations in a weak and slowing economy.

For 2024/2025, a total production figure of 55.8 mkg, less 2.5 mkg for exports and less 4.9 mkg for basting and stuffing equals a forecast domestic commercial allocation requirement of **48.4 mkg**, down 3.7 mkg from the WB March scenario of 52.1 mkg.

2024/2025	Whole Bird			Breast Meat		
	March Scenario TFC Directors	TMAC (f)	Difference	March Scenario TFC Directors	TMAC (f)	Difference
Opening Stocks	13.2	17.2	4.0	2.9	2.4	- 0.5
Production	61.6	55.8	- 5.8	25.5	26.3	0.8
Imports	0.0	0.0	0.0	2.2	2.2	0.0
Total Supply	74.7	73.1	- 1.6	30.6	30.9	0.3
Total Disappearance	62.1	60.5	- 1.6	28.7	28.0	- 0.7
Exports	4.1	2.5	- 1.6	0.0	0.0	0.0
Domestic Disappearance	58.0	58.0	0.0	28.7	28.0	- 0.7
Closing Stocks	12.7	12.5	-0.02	1.9	2.9	1.0
PCC	1.41	1.39	- 0.02	0.697	0.673	- 0.024
Stock to Use %	20.4%	20.7%	0.3%	6.5%	10.4%	3.9%
FP Production				97.1	100.4	3.3
Quota Utilization Rate				98.3%	98.3%	0.00%
Adjusted utilizations & FP				98.8	102.1	3.3
Calendar Adjustment				100.4%	100.4%	0.00%

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2024/2025	Whole Bird			Breast Meat		
	March Scenario TFC Directors	TMAC (f)	Difference	March Scenario TFC Directors	TMAC (f)	Difference
Total Util. & FP Production				98.4	101.7	3.3
Conditional Utilizations				15.8	15.4	- 0.4
FP Allocation				82.6	86.2	3.6

(f) Forecast. TMAC opening stocks are actual final figures.

Per Capita Consumption (PCC) is based on a population figure of 41.7 million, compared to 41.2 million at the TFC March meeting.

Breast Meat

With the lower forecast of commercial allocation required for the WB market (- 3.6 mkg) and holding the total commercial allocation constant at 134.7 mkg, this results in an offsetting increase to the FP commercial allocation of + 3.6 mkg (i.e., 86.2 mkg relative to 82.6 mkg in March), equal to 1.0 mkg of additional breast meat production.

Utilizations of conditional allocations are now forecast at 15.4 mkg for the 2024/2025 Control Period, slightly down 0.4 mkg from the March forecast of 15.8 mkg.

A forecast TMAC discussed in detail was the forecast domestic disappearance figure. In March, TMAC was forecasting 28.7 mkg based on 2023/2024 being around 27.3 mkg (+5%), which did not materialize (actual 26.9 mkg, +3% compared to 2022/2023). As a result, and due to other factors noted later in the report, TMAC believes 28.7 mkg for 2024/2025 is optimistic, and has lowered the forecast to 28.0 mkg (+4.0% compared to 2023/2024).

With these adjustments to the March scenario agreed to by the TFC Directors, this results in a higher forecast closing stock of 2.9 mkg (versus 1.9 mkg in March) and a stock-to-use ratio of 10.4%.

2024/2025 Commercial Allocation Summary

Based on the commercial allocation of 134.7 mkg established by the TFC Directors in March, TMAC is forecasting **48.4 mkg** to be used for WB production and **86.2 mkg** to be used for further processing/breast meat supply. *This compares to 52.1 mkg (- 3.6 mkg) and 82.6 mkg (+ 3.6 mkg), at the TFC March meeting.*

Closing stocks for WB on May 1, 2025, is forecast at 20.7% stock-to-use ratio (12.5 mkg) and 10.4% for breast meat (2.9 mkg).

When the TFC Directors review the commercial allocation at the TFC June meeting, TMAC suggests focusing on and discussing the following specific 2024/2025 S&D components:

- WB domestic disappearance of 58.0 mkg.
- Breast meat domestic disappearance of 28.0 mkg, PCC of 0.673.
- Closing breast meat stocks of 2.9 mkg (10.4% stock-to-use ratio).
- Breast meat imports under CPTPP (i.e., review of the 65% TRQ utilization rate).

TMAC's recommendation in its February report was for a commercial allocation of **132.3 mkg**, a difference of - 2.4 mkg from the allocation approved by the TFC Directors of **134.7 mkg**. This 2.4 mkg difference in commercial allocation is equivalent to 0.63 mkg of breast meat. Based on the above S&D breast meat forecast, TMAC recommends the TFC Directors closely review the commercial allocation set at the TFC March meeting.

Note: Every 100,000 kg of breast meat supply is equivalent to 381,000 kg of whole eviscerated production or commercial allocation.

Market Environment

As part of the May 30th TMAC process, the Committee reviewed live and wholesale price trends, Easter fresh WB grocery flyer front page feature activity, population, gross domestic product, consumer price index, unemployment, weekly earnings, and household income data. The key takeaways from this data included:

- Lower live turkey prices over the last 52 weeks.
- Lower wholesale prices in 2023/2024 relative to 2022/2023, that exceeded the decline in live cost, except for fresh breast meat. Further analysis is required on wholesale margins.
- Weak outlook for family expenditures based on trends in per capita GDP and weekly earnings.
- CPI for turkey lower than that for competing meats.
- Continued strong population growth of over 2.5%.
- Increased whole fresh front-page featuring activity at Easter in 2024 relative to 2023.

Next Steps

TMAC is planning to meet in the summer (after the TFC June meeting) and in-person to discuss the following specific agenda items:

[NOT FOR FURTHER DISTRIBUTION OR USE
WITHOUT PRIOR PERMISSION]

- Serecon Stock-to-Use Ratio Report on Frozen Breast Meat
- Turkey Demand Paper by Kevin Grier
- Review of TMAC data sources
- Areas for improvement in forecasting and reporting
- Review of TMAC Terms of Reference

Any direction on the above matters from the TFC Directors is welcome in this regard.

Information Sources Used in the TMAC Process

For the TFC members information, below is a list of the information sources used in the TMAC process.

Description	Source
Average Weekly Earnings	Statistics Canada
Consumer Price Index	Statistics Canada
Employment	Statistics Canada
Exports	TFC Policy Data
Feed Costs	AAFC
Household Income	Statistics Canada
Multiplier Breeder Marketings	TFC Policy Data
Net Savings	Statistics Canada
Population	Statistics Canada
Primary Breeder Marketings	TFC Policy Data
Provincial Live Prices	Provincial Boards
Retail Flyer Activity	Kevin Grier Market Analysis and Consulting
Retail Prices and Volumes	AC Nielsen Company of Canada
Tariff Rate Quota Utilization (imports)	Global Affairs Canada
Total and Per Capita GDP	International Monetary Fund
Turkey Imports	AAFC
Turkey Production	AAFC
Turkey Stocks	AAFC
U.S. Turkey Inventories	USDA
U.S. Wholesale Prices	Urner Barry
Whole Bird Bagging	CPEP
Wholesale Prices and Volumes	CPEP

Appendix IV

Turkey Market Review

(all numbers in millions of kg, unless otherwise noted)

TFC 278th Meeting – Reflecting TMAC of May 30, 2024

1

1



Turkey Market Review

Section 1: Total Turkey

2

2



S & D – All Turkey – Control Period

All Turkey and Turkey Products - Includes Section 2 – May to April – 2016/17 to 2023/24

	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Opening Stocks	34.9	31.6	29.8	26.9	26.5	15.5	15.7	20.8
Production	176.2	171.6	166.0	167.6	149.4	154.1	150.3	159.3
Imports	2.7	2.8	3.2	3.3	2.8	2.0	2.8	2.9
Total Supply	213.8	206.0	199.0	197.8	178.7	171.6	168.9	183.1
Total Disappear.	182.2	176.1	172.1	171.3	163.2	155.8	148.1	156.3
Exports	27.2	20.9	21.3	22.7	23.6	22.5	21.4	23.3
Dom. Disappear.	155.0	155.2	150.8	148.6	139.6	133.3	126.6	133.0
Closing Stocks	31.6	29.8	26.9	26.5	15.5	15.7	20.8	26.8
Population (Nov 1)	36.3	36.7	37.3	37.9	38.0	38.5	39.3	40.6
PCC	4.27	4.22	4.05	3.92	3.67	3.46	3.22	3.27
S/U Ratio	17.3%	16.9%	15.6%	15.5%	9.5%	10.1%	14.1%	17.2%

3



S & D – All Turkey – Easter

All Turkey and Turkey Products - Includes Section 2 – March to April – 2017 to 2024

	2017	2018	2019	2020	2021	2022	2023	2024
Opening Stocks	32.3	26.8	23.6	24.9	15.8	15.0	18.6	23.2
Production	24.8	26.0	25.6	27.5	24.4	25.9	27.0	25.9
Imports	0.5	0.3	0.6	0.8	0.6	0.3	0.9	0.3
Total Supply	57.5	53.0	49.8	53.2	40.9	41.2	46.5	49.3
Total Disappear.	26.0	23.2	22.9	26.7	25.4	25.5	25.6	22.5
Exports	4.9	4.0	3.9	4.4	3.1	3.2	4.2	3.9
Dom. Disappear.	21.1	19.2	19.0	22.3	22.3	22.3	21.4	18.6
Closing Stocks	31.6	29.8	26.9	26.5	15.5	15.7	20.8	26.8
Population (Apr 1)	36.4	36.9	37.4	38.0	38.1	38.7	39.7	41.0
PCC	0.58	0.52	0.51	0.59	0.58	0.58	0.54	0.45

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Turkey Market Review

Section 2: Whole Bird

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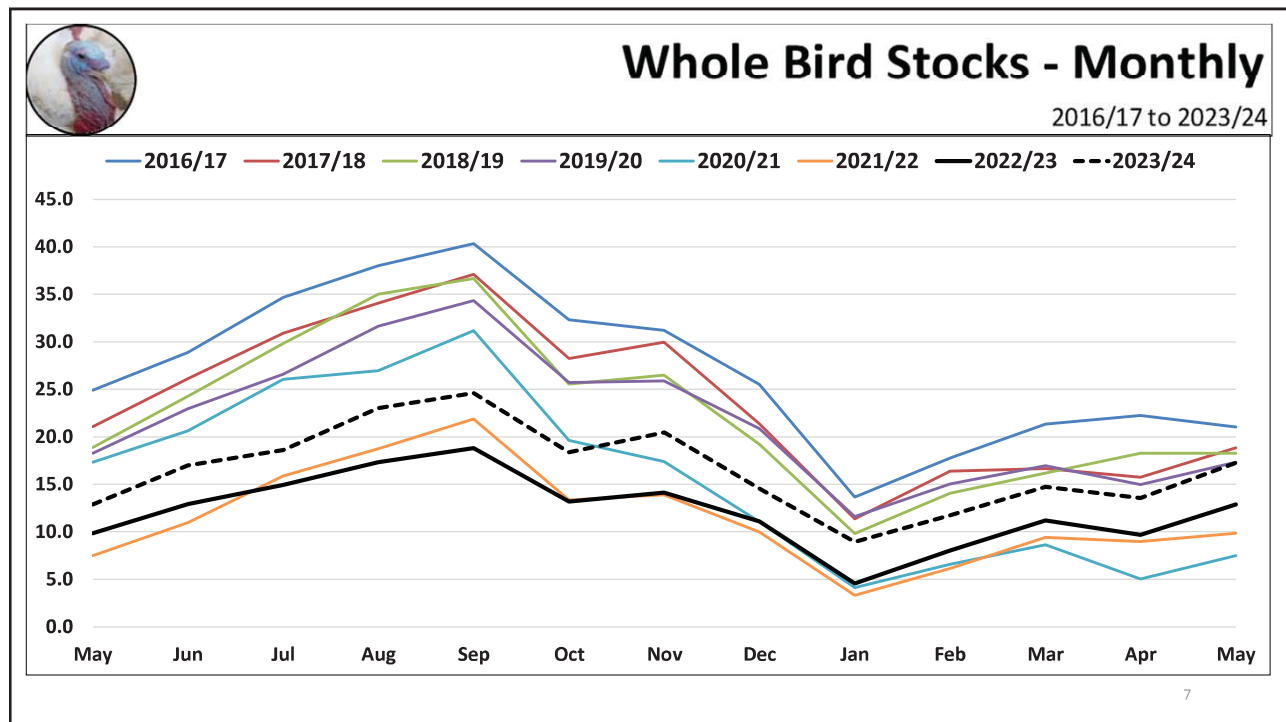


Whole Bird S & D

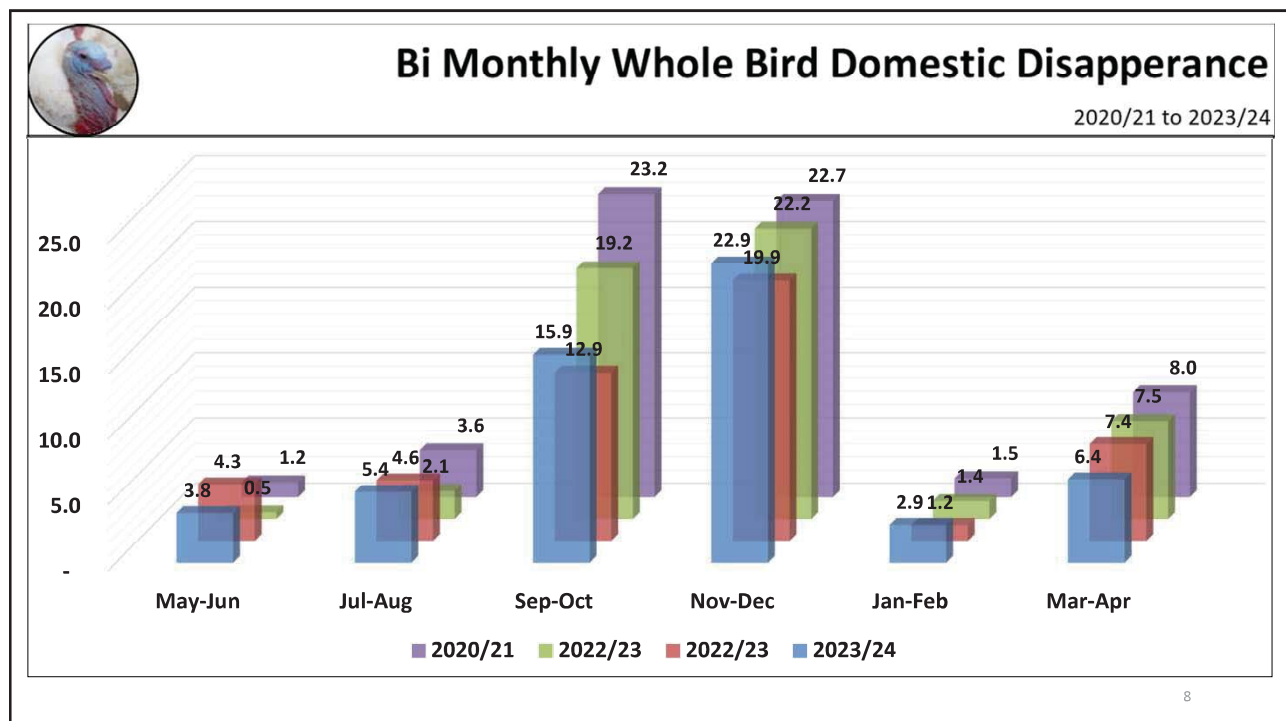
2015/16 to 2024/25 - 2024/25 (134.7) Forecast

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25 (134.7)
Opening Stocks	18.2	24.9	21.0	18.8	18.2	17.3	7.5	9.9	12.9	17.2
Production	76.7	69.3	65.9	65.7	61.6	51.5	57.5	57.3	64.7	55.8
Imports	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Total Supply	95.2	94.2	86.9	84.6	79.8	68.8	65.0	67.2	77.8	73.1
Total Disappear.	70.3	73.1	68.0	66.3	62.5	61.3	55.2	54.3	60.6	60.5
Exports	0.0	0.3	0.1	0.2	0.4	1.1	2.2	4.0	3.4	2.5
Dom. Disappear.	70.3	72.9	67.9	66.1	62.1	60.2	52.9	50.3	57.1	58.0
Closing Stocks	24.9	21.0	18.8	18.2	17.3	7.5	9.9	12.9	17.2	12.5
Population (Nov1)	35.8	36.3	36.7	37.3	37.9	38.0	38.5	39.3	40.6	41.7
PCC	1.96	2.01	1.85	1.77	1.64	1.58	1.37	1.28	1.41	1.39
Stock to Use	35.4%	28.8%	27.7%	27.5%	27.7%	12.2%	17.9%	23.7%	28.5%	20.7%
Avg \$	\$ 3.87	\$ 3.27	\$ 3.19	\$ 3.61	\$ 3.60	\$ 3.96	\$ 5.09	\$ 5.53	\$ 4.71	
Stuff & Baste	1.6	2.2	3.1	3.0	3.4	3.4	4.3	4.8	5.7	4.9
Quota	75.1	66.8	62.7	62.5	57.8	47.0	51.2	48.8	55.8	⁶ 48.4

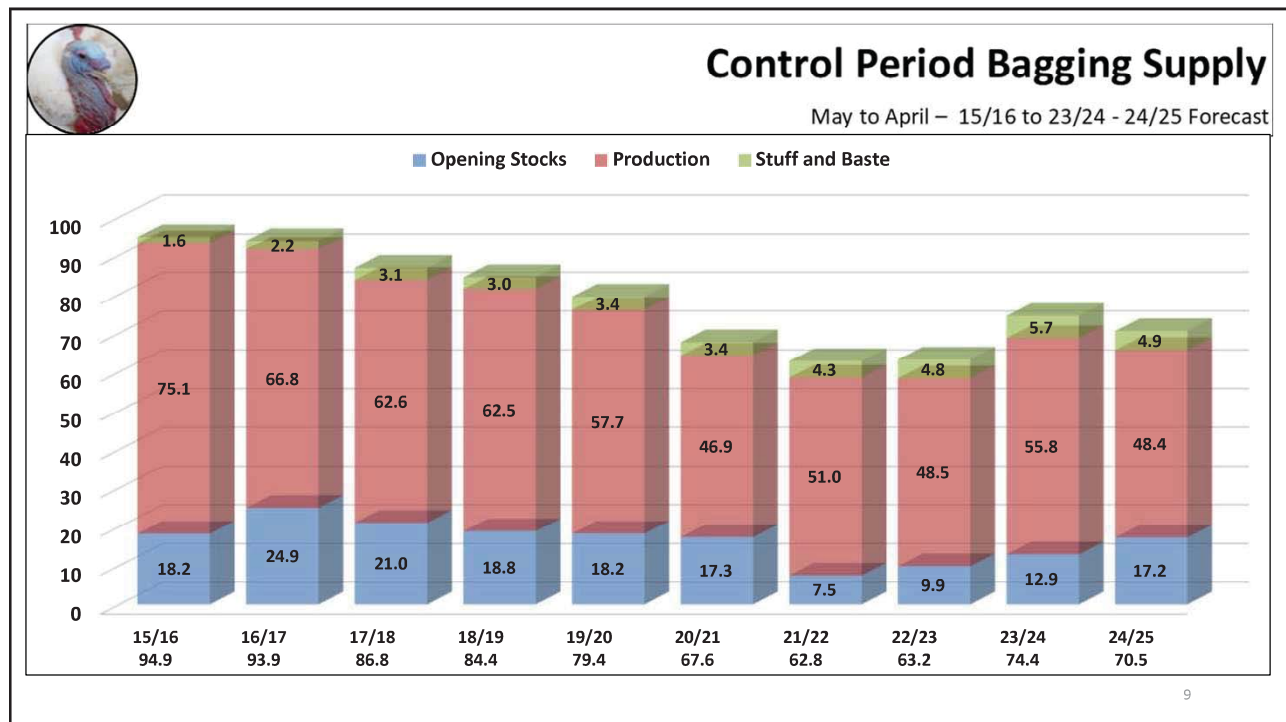
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Turkey Market Review

Section 3: Breast Meat

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Breast Meat S & D

2015/16 to 2024/25 - 2024/25 (134.7) Forecast

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25 (134.7)
Opening Stocks	1.3	1.8	4.1	3.8	2.5	3.5	2.1	1.2	1.7	2.4
Production	25.3	26.7	28.0	26.8	28.0	25.1	25.6	25.1	25.9	26.3
Imports	1.6	1.9	1.4	1.1	1.3	1.4	1.1	1.7	1.6	2.2
Total Supply	28.3	30.4	33.5	31.8	31.9	30.0	28.8	27.9	29.3	30.9
Total Disappear.	26.5	26.3	29.7	29.2	28.3	27.9	27.6	26.3	26.9	28.0
Exports	0.3	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Dom. Disappear.	26.2	26.3	29.5	29.1	28.3	27.8	27.6	26.1	26.9	28.0
Closing Stocks	1.8	4.1	3.8	2.5	3.5	2.1	1.2	1.7	2.4	2.9
Population (Nov 1)	35.8	36.3	36.7	37.3	37.9	38.0	38.5	39.3	40.6	41.7
PCC	0.73	0.73	0.80	0.78	0.75	0.73	0.72	0.66	0.66	0.67
Weighted \$/kg	\$ 10.41	\$ 8.67	\$ 6.86	\$ 7.01	\$ 7.43	\$ 7.57	\$ 9.84	\$ 12.92	\$ 11.09	
S/U	6.9%	15.5%	12.9%	8.6%	12.5%	7.7%	4.2%	6.4%	8.8%	10.4%
FP Production	96.4	101.7	106.7	102.3	106.8	95.6	97.4	95.7	98.8	100.4

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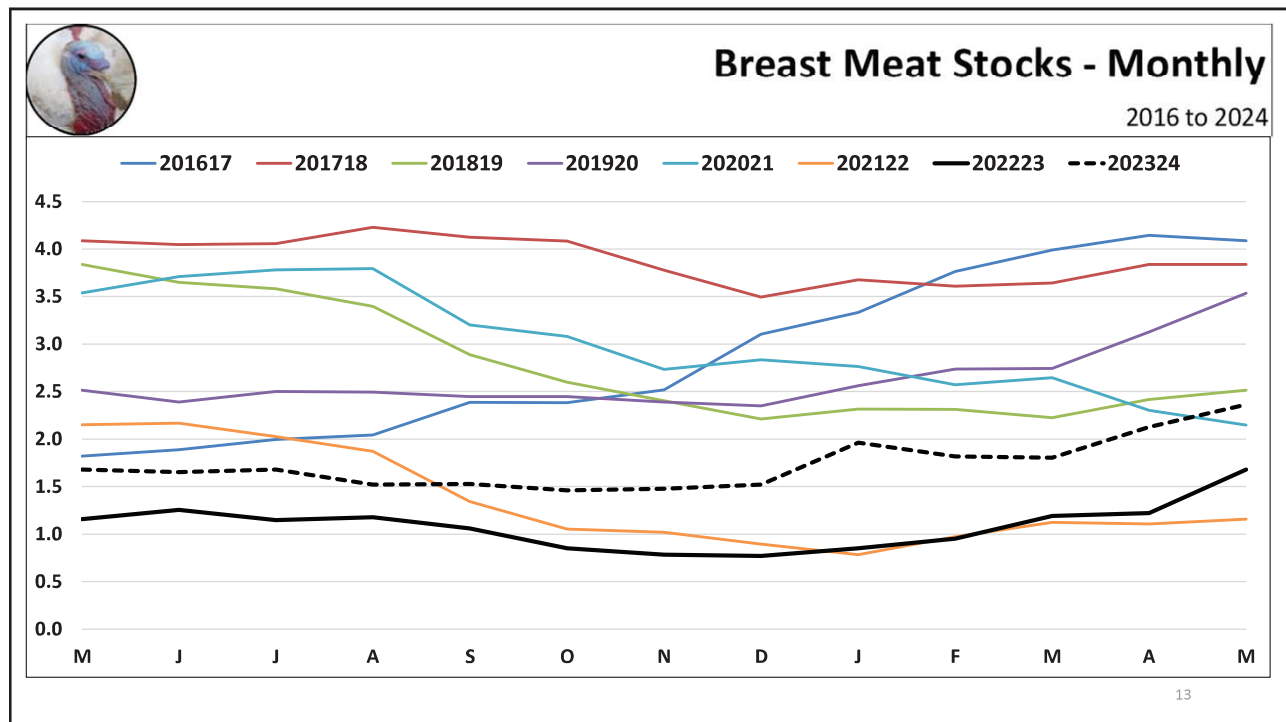
FP Production Sources

16/17 to 23/24 - 24/25 Forecast

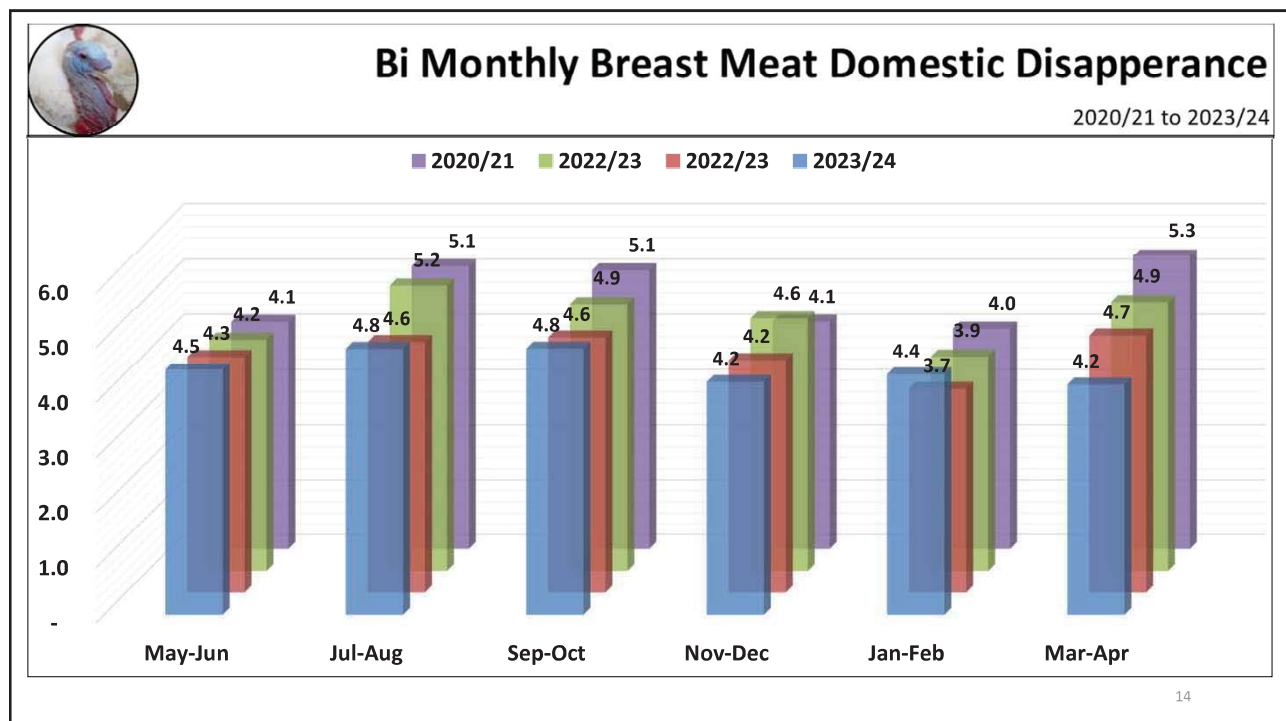
	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25 (134.7)
FP Production	101.7	106.7	102.3	106.8	95.6	97.4	95.7	98.8	100.4
FP Utilization Rate	96.9%	99.3%	97.5%	99.9%	98.5%	94.9%	86.8%	96.5%	98.3%
Adj. Utl. and FP Allc.	104.9	107.5	104.9	106.9	97.1	102.7	110.3	102.4	102.1
Calendar Adjustment	100.0%	100.4%	100.4%	100.8%	100.4%	98.0%	100.0%	100.8%	100.4%
Total of Utl. and FP Allc.	104.9	107.1	104.5	106.1	96.7	104.7	110.3	101.6	101.7
Multiplier Breeder Utl.	1.9	2.1	1.8	1.9	1.8	1.4	0.2	0.4	0.4
Primary Breeder Utl.	1.9	1.9	0.1	0.3	1.0	1.3	1.0	0.8	0.8
Export – Section 1	16.8	15.1	15.9	15.8	14.2	14.2	11.7	14.2	14.2
Carry-Forward	- 0.1	0.8	0.1	- 0.7	0.5	- 0.2	- 0.6	0.5	0.0
FP Allocation	84.5	87.2	86.7	88.9	79.1	88.0	98.0	85.7	86.2

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Turkey Market Review

Section 4: Stocks and Production

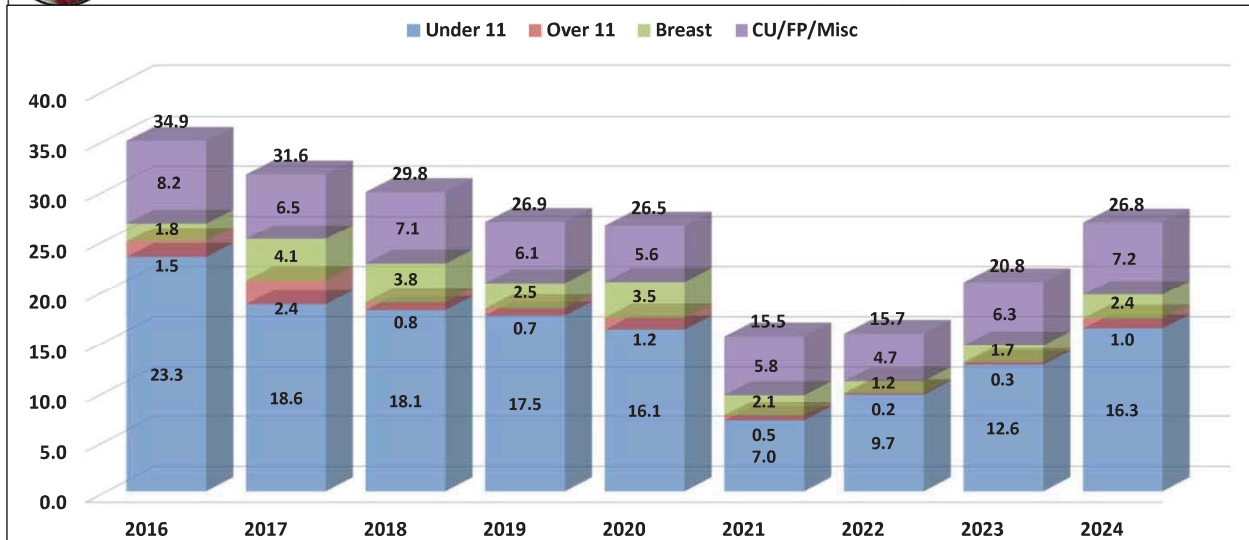
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Stocks - May 1st

Under 11, Over 11, Breast, CU/FP/Misc – 2016 to 2024



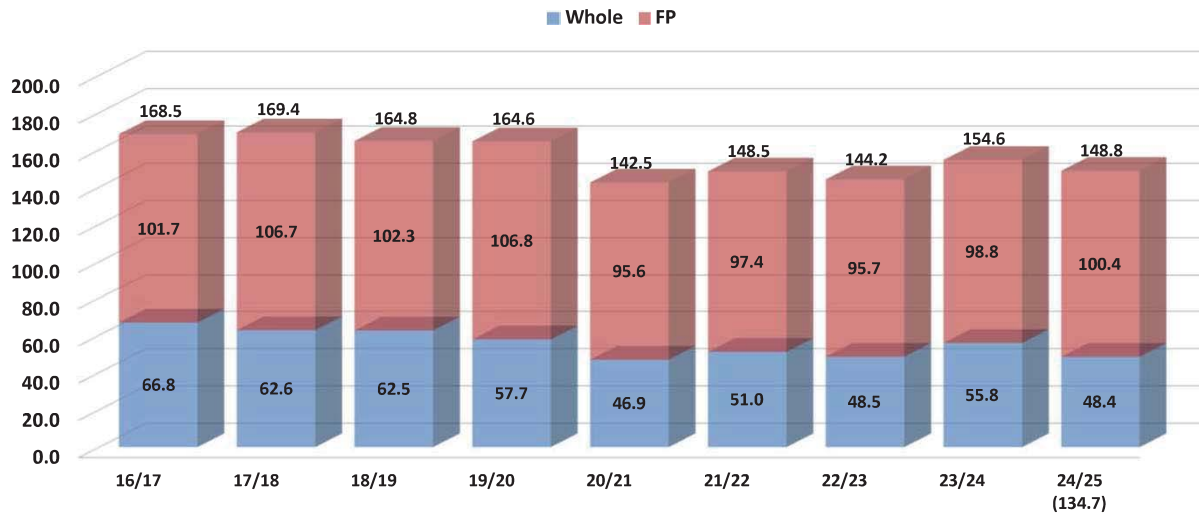
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Domestic Production - Control Period

May to April – 16/17 to 23/24 - 24/25 Forecast



- Excludes Stuffing and Basting, Section 1 & 2 Whole Bird Exports

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S & D - Turkeys* - Control Period

2015/16 to 2024/25 - 2024/25 (134.7) Forecast

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25 (134.7)
Opening Stocks	18.2	24.9	21.0	18.8	18.2	17.3	7.5	9.9	12.9	17.2
Production	171.4	168.7	169.5	165.0	165.0	143.6	150.7	148.2	157.7	151.3
Imports	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Total Supply	189.9	193.6	190.5	183.8	183.3	161.0	158.2	158.1	170.9	168.6
Total Disappear.	165.0	172.6	171.7	165.6	165.9	153.5	148.3	145.2	153.6	156.0
Exports	0.0	0.3	0.1	0.2	0.4	1.1	2.2	4.0	3.1	2.5
Dom. Disappear.	165.0	172.3	171.6	165.4	165.5	152.3	146.1	141.2	150.5	153.5
Bagging*	68.7	70.6	64.8	63.1	58.6	56.7	48.7	45.5	51.7	53.1
FP	96.4	101.7	106.7	102.3	106.8	95.6	97.4	95.7	98.8	100.4
Closing Stocks	24.9	21.0	18.8	18.2	17.3	7.5	9.9	12.9	17.2	12.5
Days In Inventory	55	44	40	40	38	18	24	32	41	29

*Excludes stuffing and basting

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Turkey Market Review

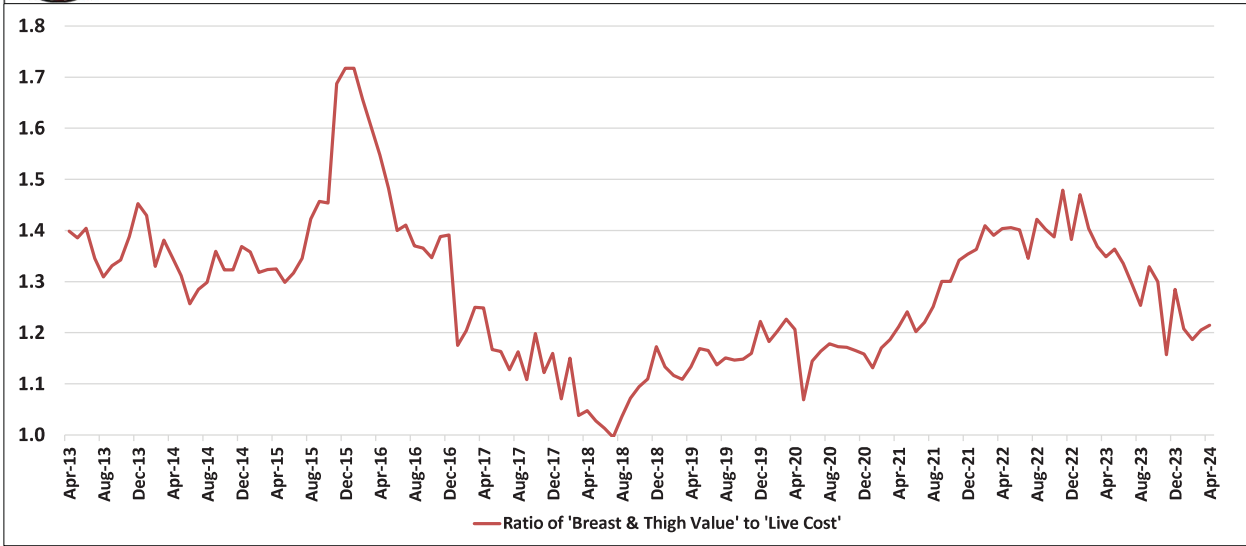
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Wholesale and Retail

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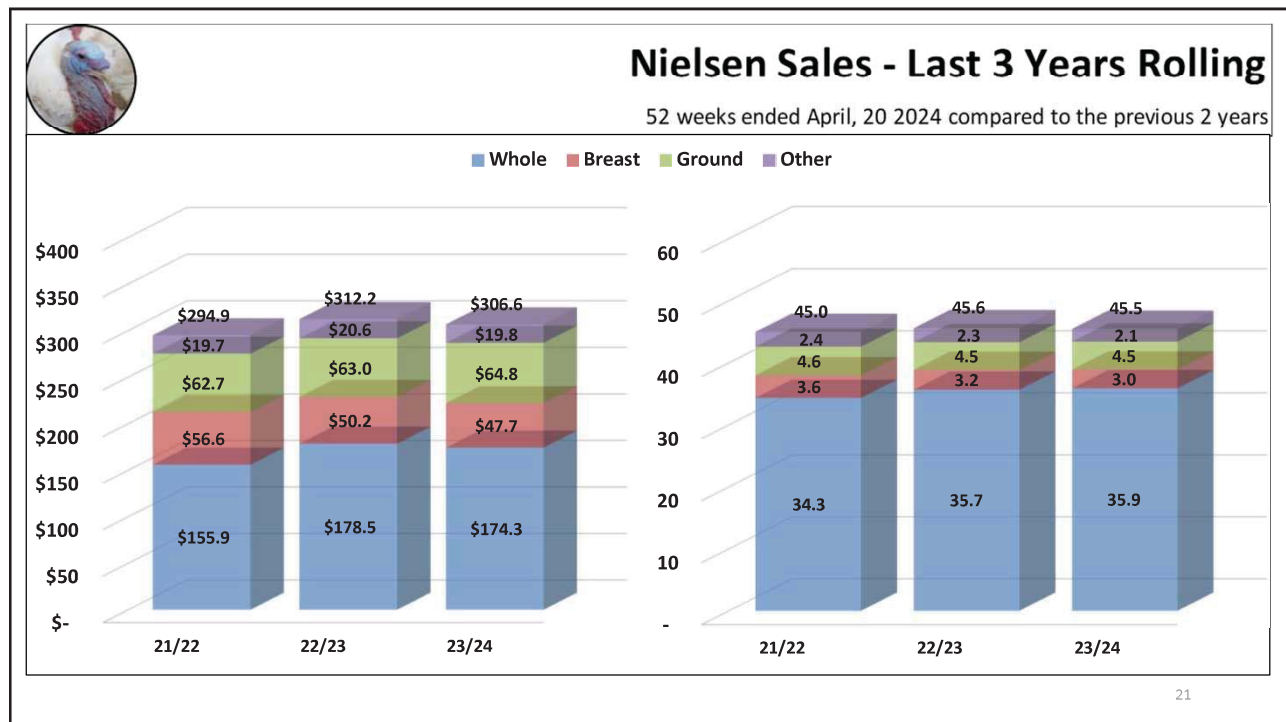


Ratio of Breast and Thigh Meat Value to Live Cost

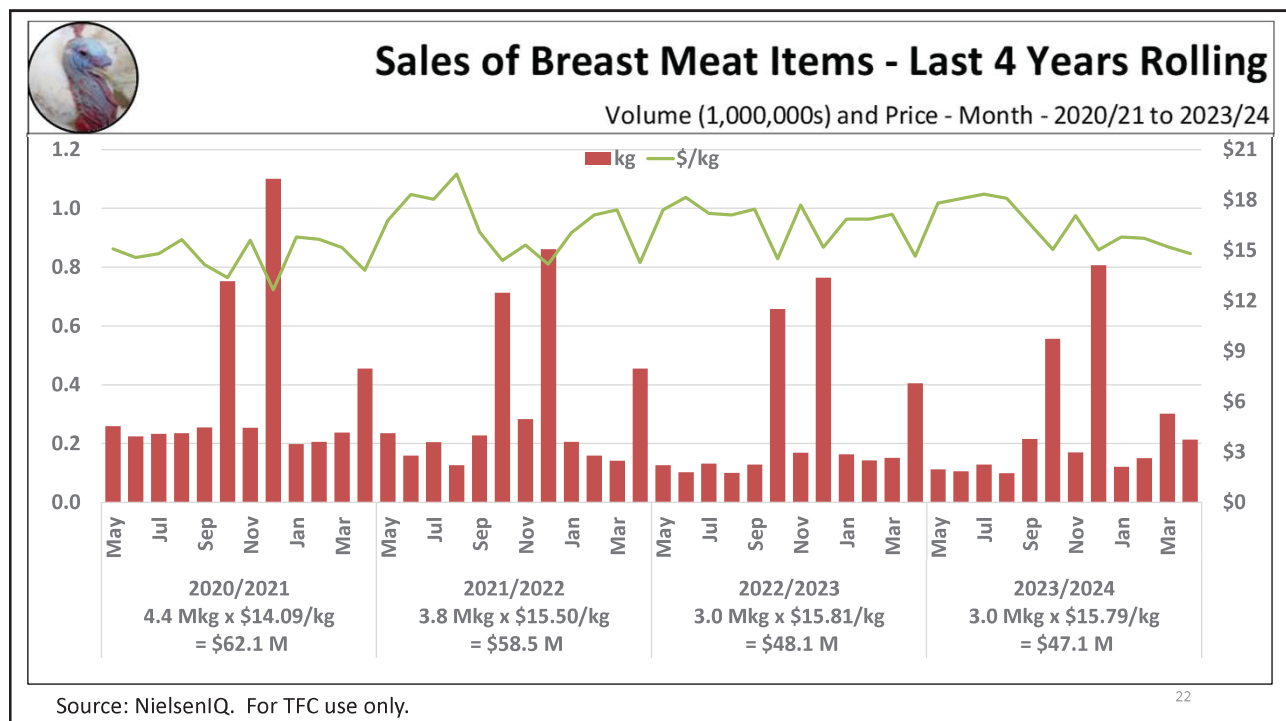


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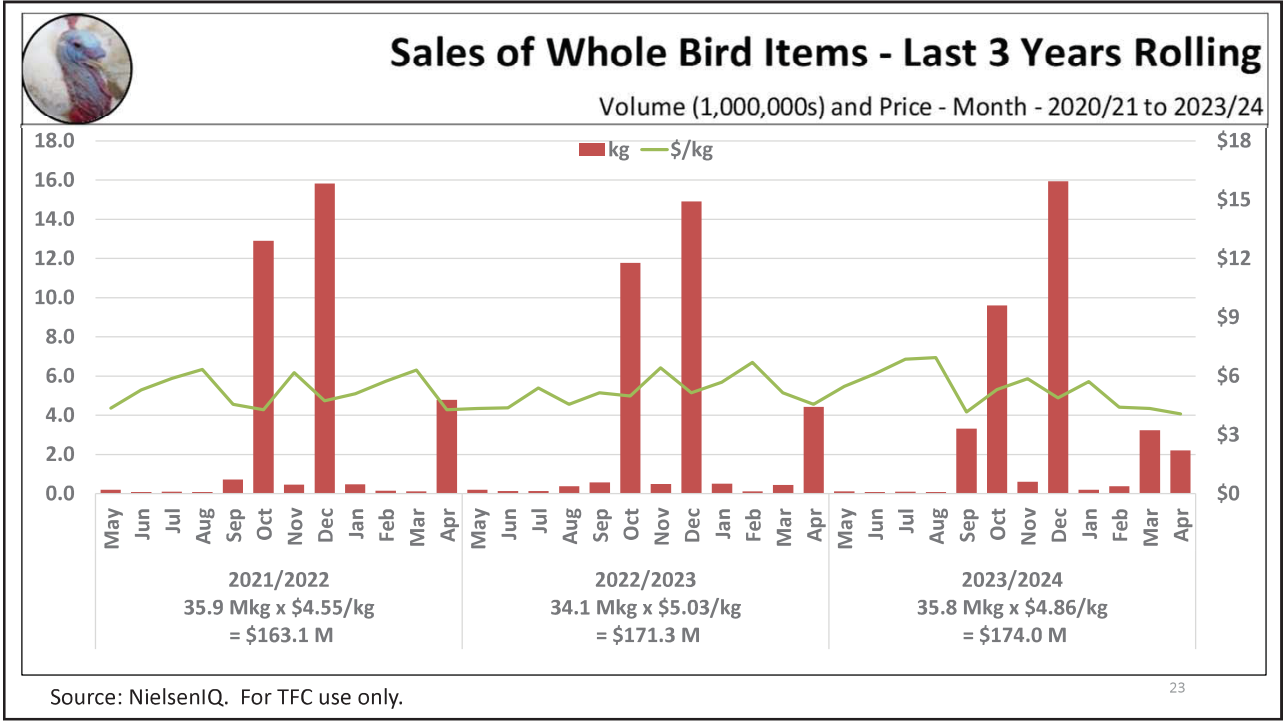


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Source: NielsenIQ. For TFC use only.

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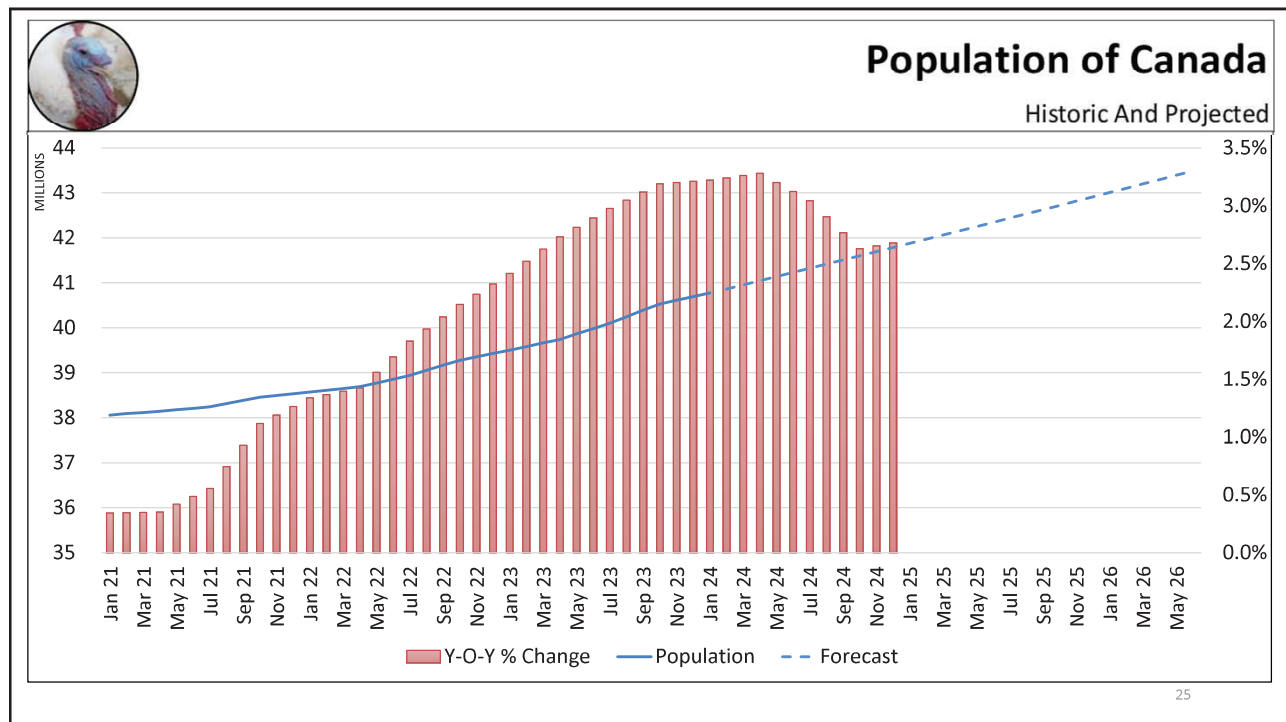
Turkey Market Review

Section 6:

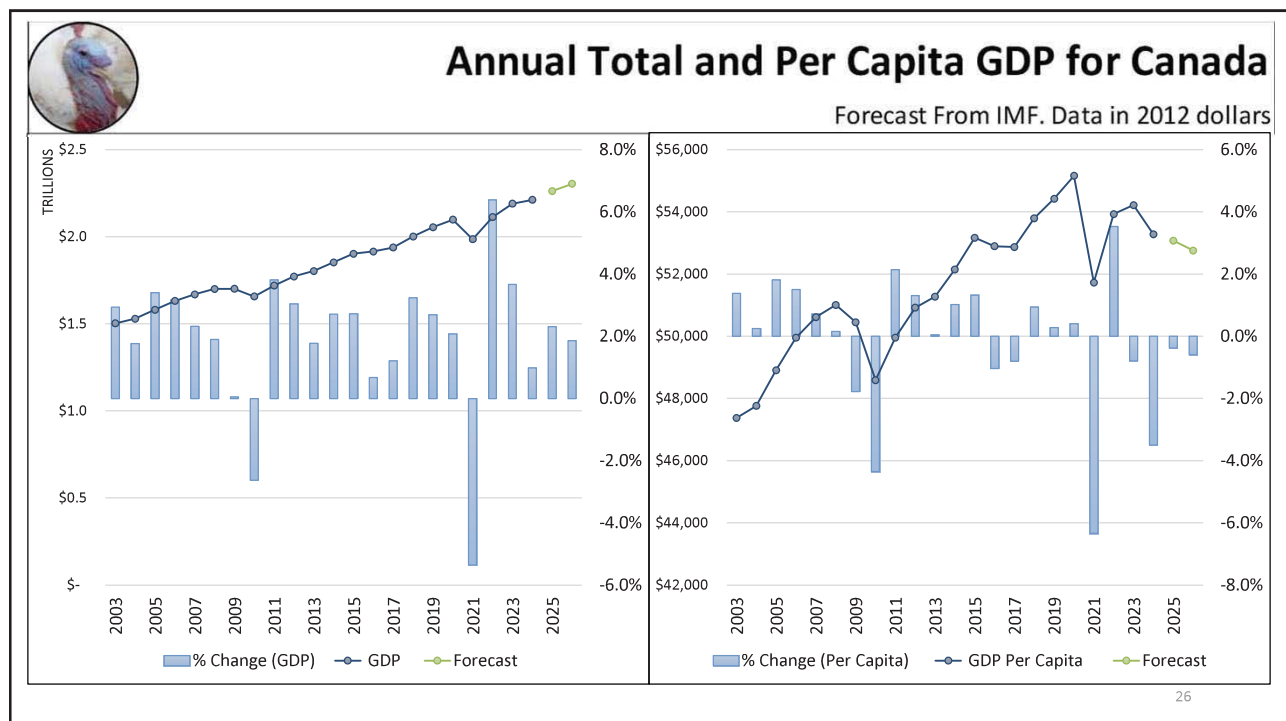
Supplementary Materials

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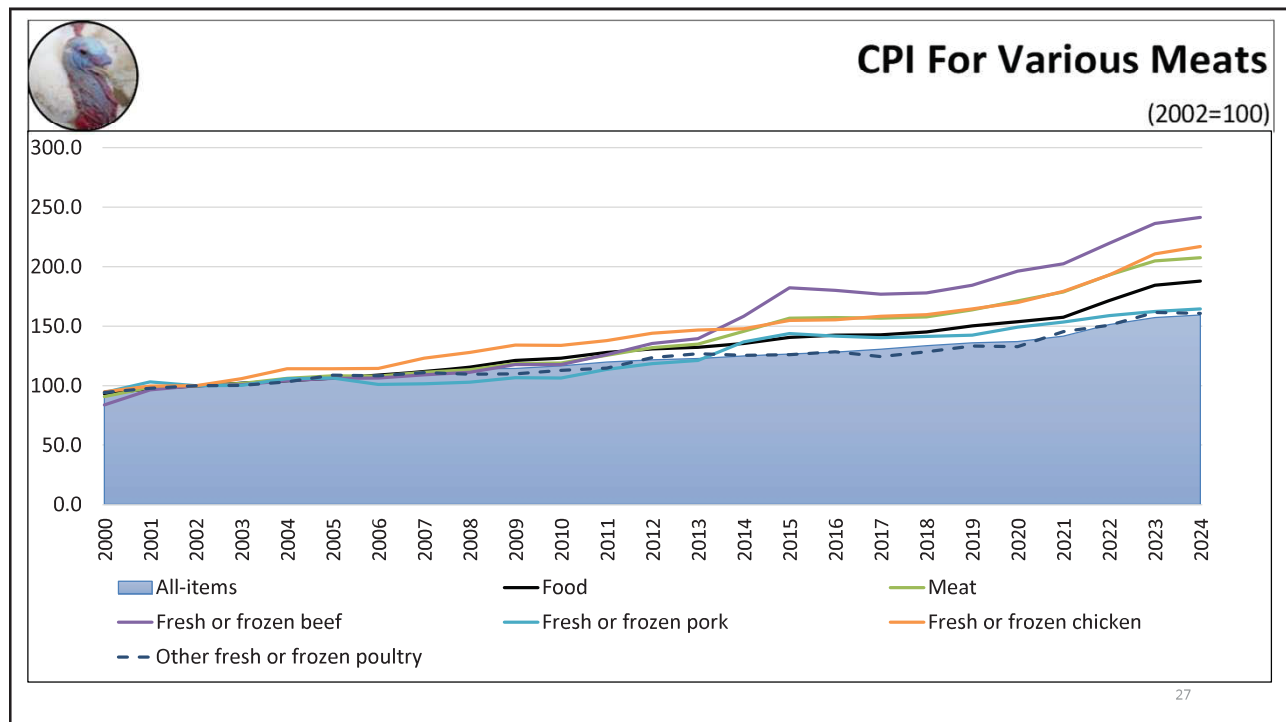
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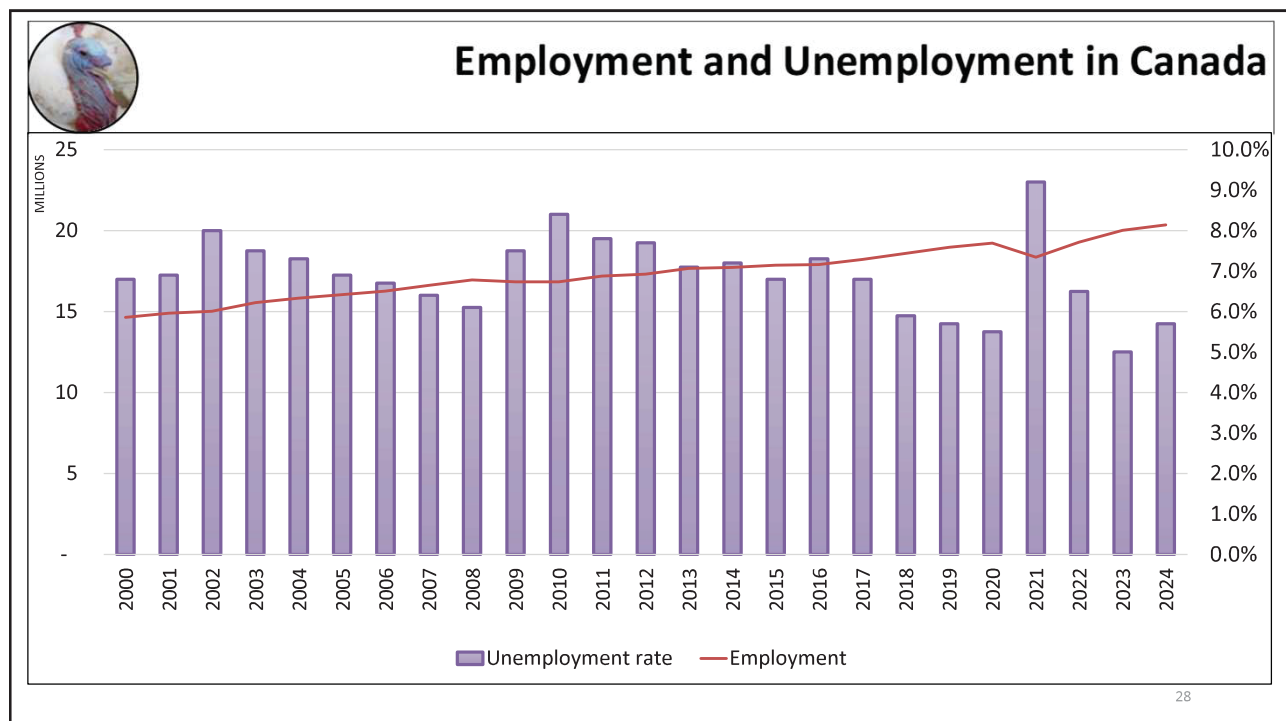
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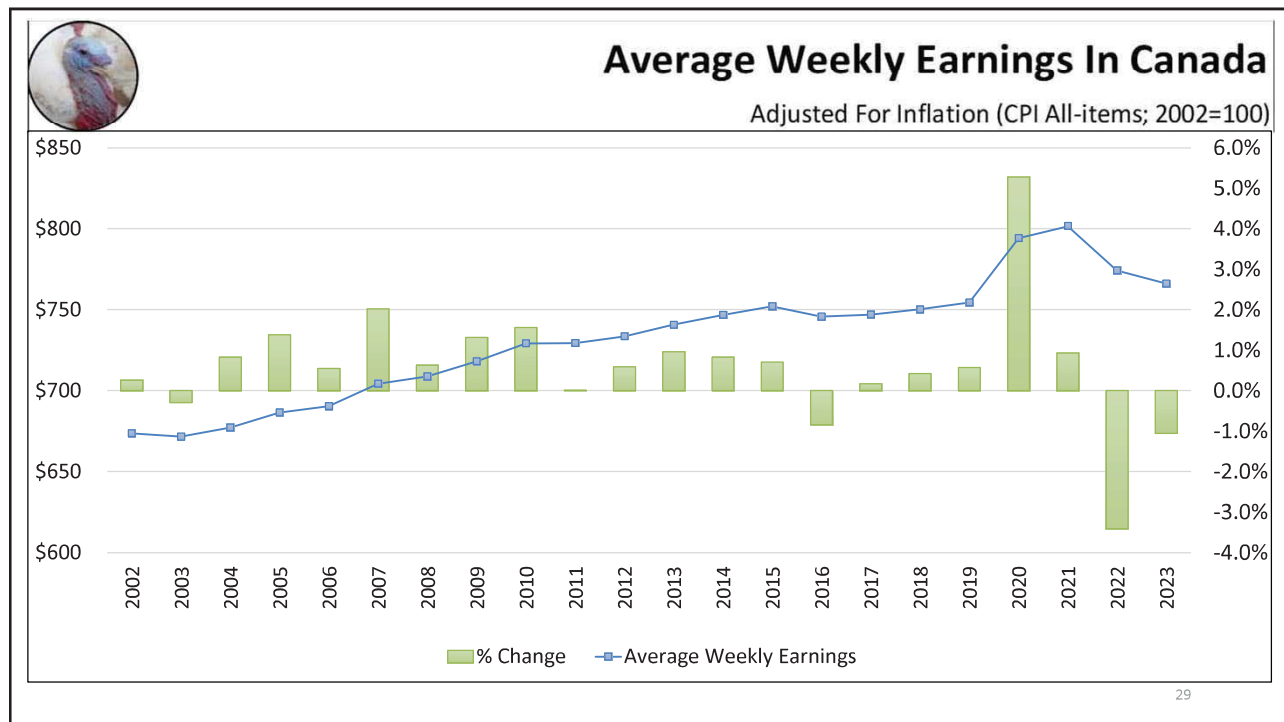
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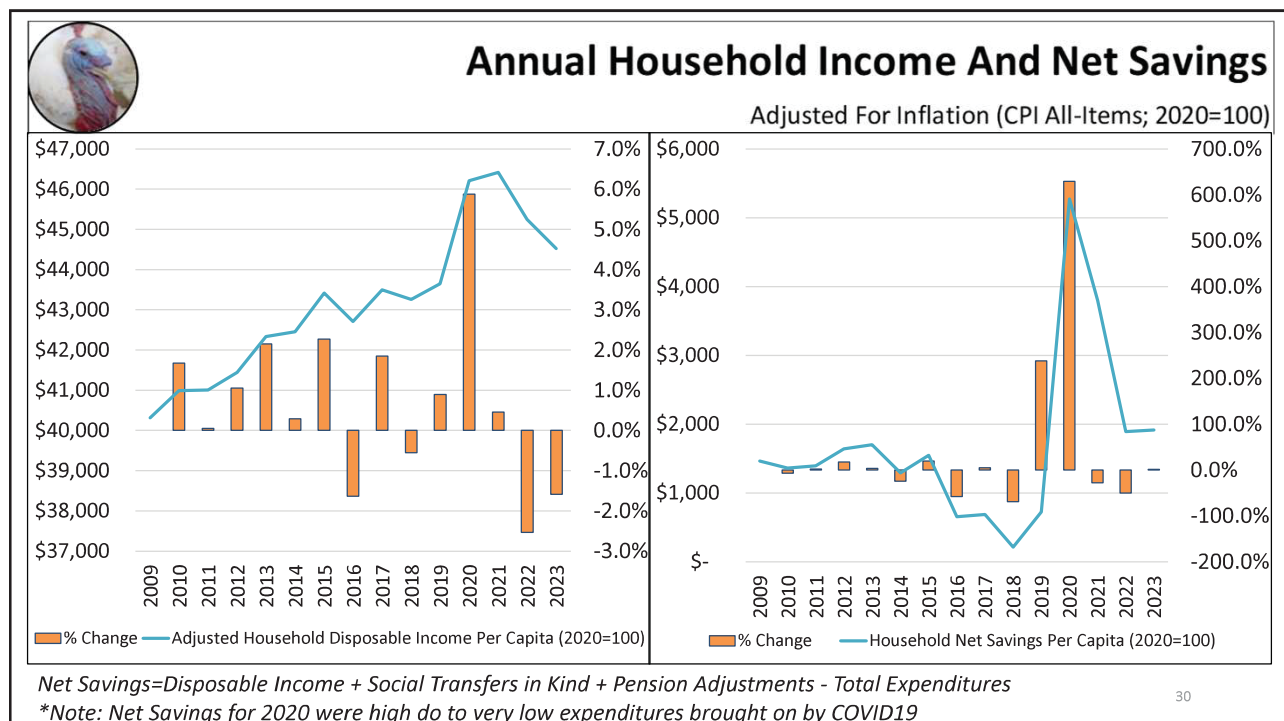
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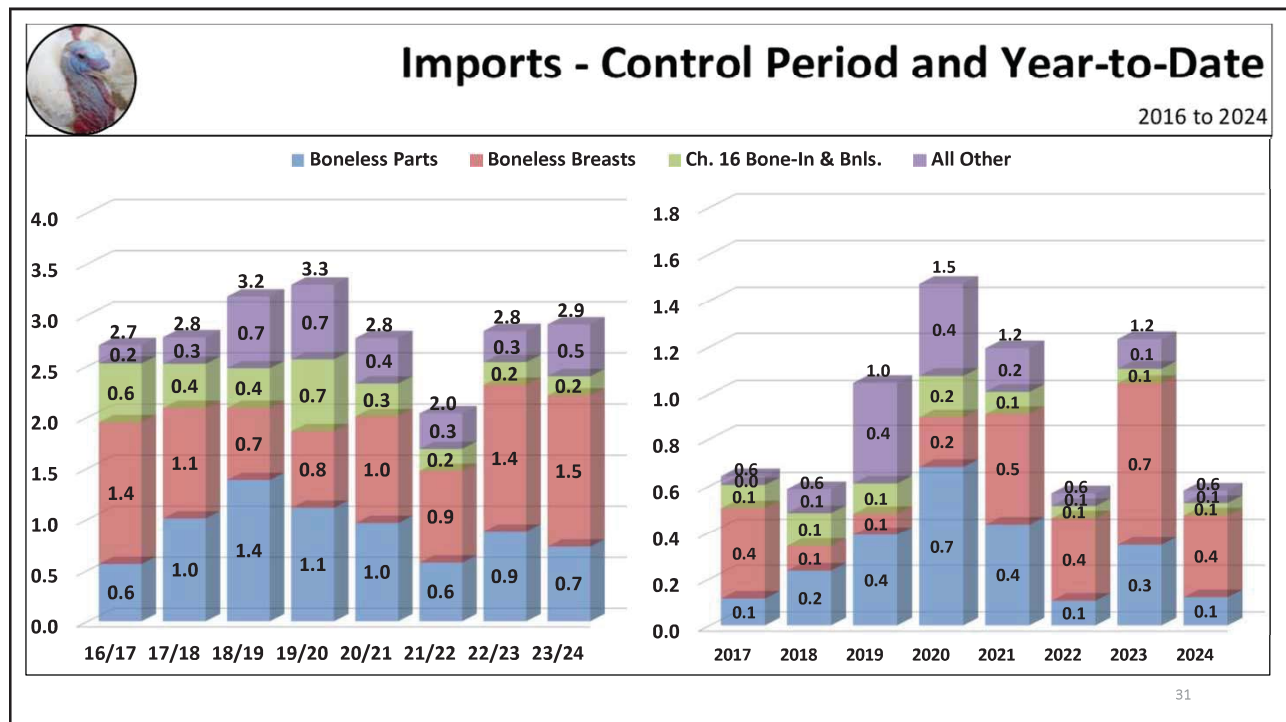
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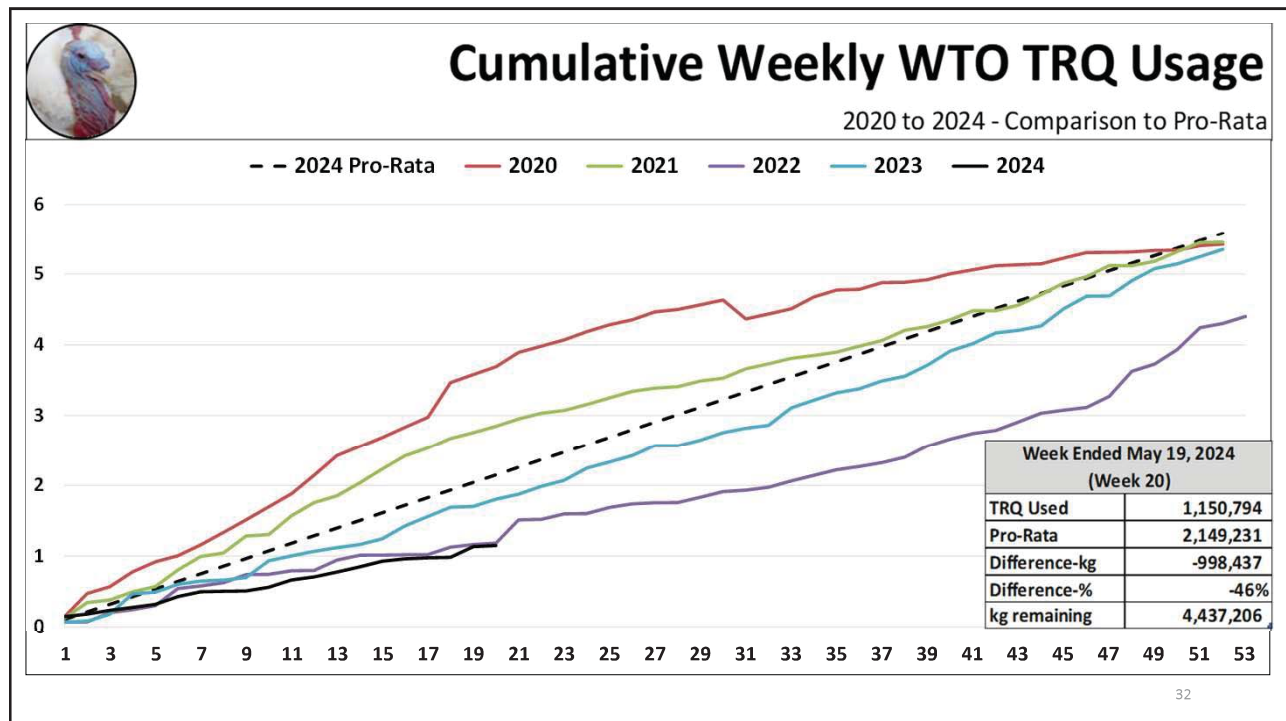
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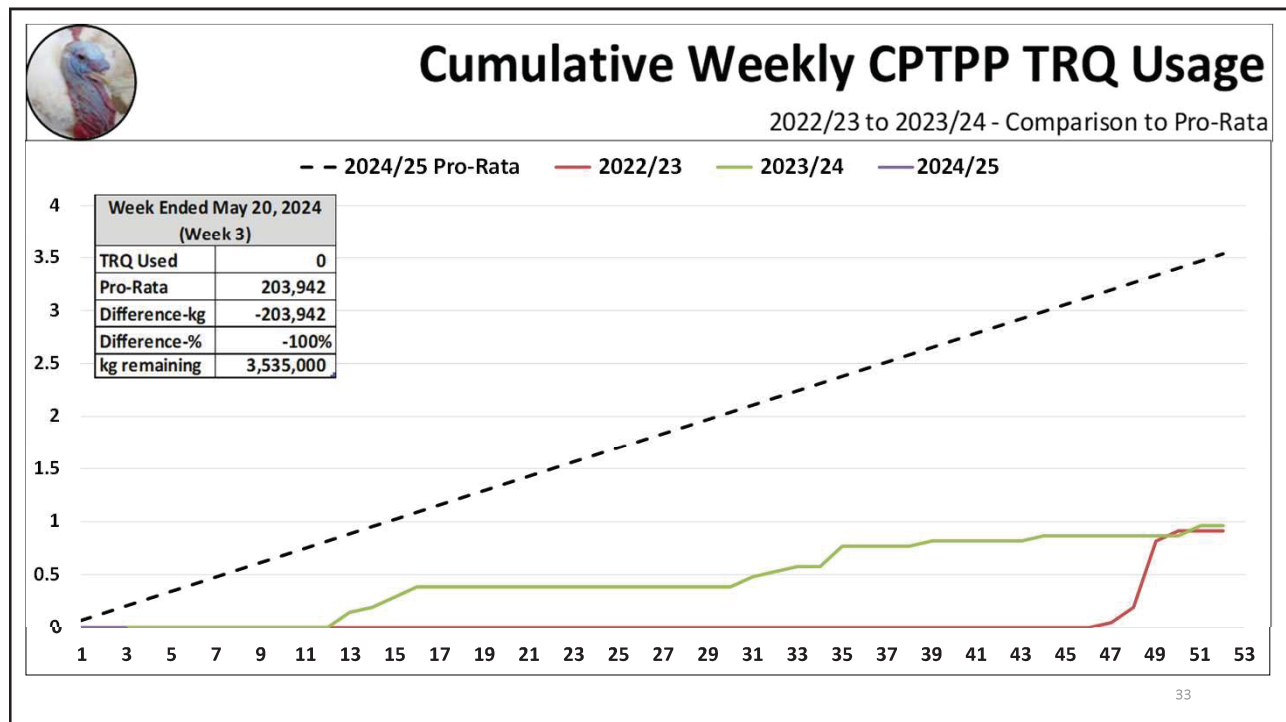
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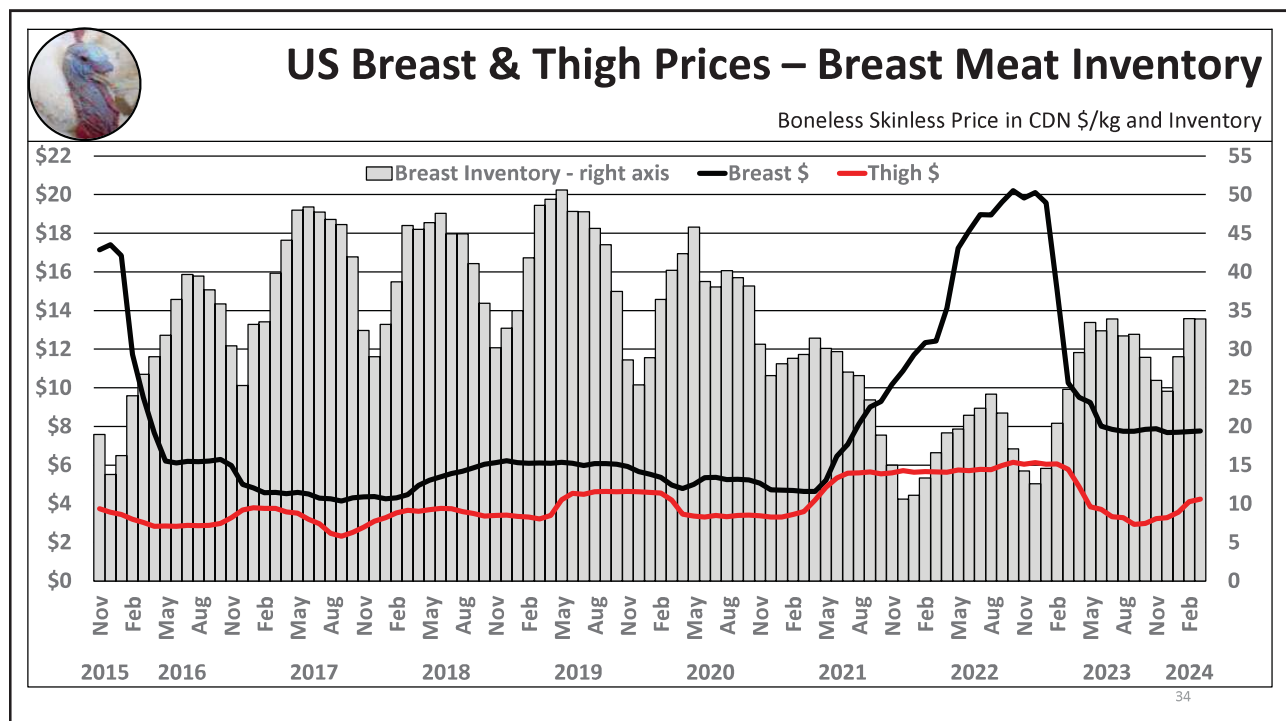
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