



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 25 avril 2023

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

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

Monsieur Klompmaker,

Lors de sa réunion du 25 avril 2023, 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 14 avril 2023, pour la période contingente A-183, débutant le 4 juin 2023 et se terminant le 29 juillet 2023.

Après un examen approfondi de la justification fournie par les PPC et suite à une analyse interne, les membres du Conseil ont convenu que les contingents sont 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



April 14, 2023

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-183

Dear Mr. Douglas,

The prior approval of the Farm Products Council of Canada is being sought for the allocation for period A-183. The numbers in kilograms live weight are:

1. A total allocation of 304,278,440 kilograms,
2. A domestic allocation of 294,993,479 kilograms,
3. A market development allocation of 6,967,127 kilograms,
4. A specialty allocation of 2,317,834 kilograms.

Period A-183 is the eight-week period beginning on June 4, 2023 and ending on July 29, 2023. In accordance with section 3.05 of the Operating Agreement, the anticipated growth rate for the period was set on January 17, 2023, at 4%.

CFC Directors set the allocation for period A-183 on March 22, 2023, 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-183 at the CFC Board of Directors meeting on March 22, 2023.

At the meeting, Directors were presented with the latest market information by CFC staff. Very tight hatching egg and chick supplies in North America, partly due to avian influenza outbreaks, continue to have an impact on production levels. The most recent allocation period, A-180, was the sixth consecutive period with production below the allocated volume, with most underproduction occurring in Western Canada. Year to-date TRQ utilization until March 18, 2023, was close to pro-rata, partly due to the high volume of imports from Thailand under WTO. Imports from Brazil were lower versus the same timeframe last year and CUSMA imports were 1.7 Mkg below pro-rata. Approximately 0.2 Mkg and 0.25 Mkg of chicken were imported from Chile and Mexico under CPTPP. With AI cases found in commercial flocks in Chile recently, Directors discussed the impact on imports from Chile under CPTPP for the rest of the year. Spent fowl imports in the first two months of 2023 were higher than last year due to more balanced U.S. chicken supply and demand. Total imports under the DRP program in 2022 were close to 40 Mkg, the highest since 2018 while imports under the Import to Re-



Export Program (IREP) have been trending down in the last two years.

Canadian frozen chicken inventories hit a record-high at 61 Mkg on January 1st, 2023, and were 60 Mkg on March 1st, 3.7 Mkg higher than in 2022. Compared to a year ago, breast meat inventories in the cut-up and further processed categories were higher. Wing inventories were also significantly higher despite decreases in recent months, and inventories of miscellaneous chicken, while similar to last year, remain unusually high. Frozen inventories of leg quarters were lower than a year ago.

Calculated domestic chicken availability in the 12-month timeframe from March 2022 to February 2023 totaled 1,397 Mkg, 64 Mkg (5%) higher than in the corresponding 2021-2022 timeframe due to increased production, higher imports and significantly decreased exports.

Although Canadian wholesale prices have been declining since summer 2022, prices in the first couple of months in 2023 remained strong compared to the last five years. The market composite and legs and whole chicken complexes remain above the 2018-2022 five-year price range, while the breast and wing complexes were within the five-year range. The Consumer Price Indices (CPI) for chicken decreased in February 2023 but remain significantly higher than in previous years. The CPI for beef and pork also decreased in February 2023 but also remain historically high. With regards to the food service industry, absolute total receipts in dollars in 2022 as reported by Statistics Canada exceeded 2019 levels but when taking into consideration the inflation rate, total receipts were still behind 2019. Sales growth in limited-service food service establishments continued to outperform the other food service types.

U.S. chicken production increased 2.9% in 2022 and is projected to increase 1.2% in 2023 to reach 46.7 billion pounds. Per capita chicken consumption is forecast to exceed 100 pounds in 2023, 1.3% higher than 2022. Strong domestic demand and chick supply issues during the first part of 2022 caused a 1% drop in exports versus 2021. U.S. frozen chicken inventories have been decreasing since the beginning of the year but are still higher than past two years due to higher stocks in legs and breasts. U.S. wholesale prices for breasts, wings, and leg quarters dropped significantly in the second half of 2022, but have seen steady increases since the beginning of this year. According to USDA data, beef production is projected to decrease by 5.7% in 2023, while pork production is projected to increase to a level that is close to but still below 2021 production. Frozen beef inventories in the U.S. have been increasing since August 2021 and remain high compared to the last three years. Pork inventories have gradually increased since the beginning of 2022. Corn and soybean prices decreased somewhat in recent weeks but feed grain prices are expected to remain high in the foreseeable future.

Provincial and industry requests

Provincial allocation requests for period A-183 ranged from 2½% to 4% above base. Volume requests from the provinces were based on the facts that period A-184 is a high demand summer period, continued strong demand from the foodservice sector, especially the quick service restaurants, chicken's competitiveness in light of significantly lower beef supplies in 2023, extremely tight chicken supplies and record-high wholesale prices during the same time last year, continued and significant increases in population, positive employment numbers and higher wages, increased investments in promotion and branding, and the AI outbreak in Chile and expected impact on imports from Chile under CPTPP.

Restaurants Canada's member survey results indicated a weighted average requirement for the



industry at 3% above base, considering higher demand during BBQ season, tight beef supplies, increased interest in proteins, ongoing featuring of chicken sandwiches and fried chicken offerings, and new store openings. CPEPC's further processing sector recommended an allocation of 5% above base. The sector took into account underproduction and very high wholesale prices in A-183 equivalent weeks in 2022, indicative of a short market, strong population growth in 2023, competitive chicken prices versus other meat proteins, imports from Chile that may not be as high as previously anticipated, supportive unemployment numbers, and potential supply risks stemming from AI in South America. CPEPC's chicken primary processing sector proposed an allocation at base level due to challenging economic conditions and a high inflation rate that is impacting meat purchases at retail and food service, high level of stocks, especially for wings and breast meat, additional imports under CPTPP and the potential renewal of the Ukraine Goods Remission Order although CPEPC's chicken primary processing sector assumes that chicken imports from Ukraine will be subject to the same import controls as other countries in A-183 and beyond, and continued high live prices.

After thorough discussions, Directors agreed to a national allocation at 4% 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-183 are 224,357,294 kilograms eviscerated weight. This total allocation consists of a domestic allocation of 217,512,283 kilograms eviscerated weight, a market development allocation of 5,136,509 kilograms eviscerated weight, and a specialty allocation of 1,708,502 kilograms eviscerated weight. The total domestic allocation is 7.6% higher than the total domestic production during the corresponding weeks in 2022, 13.2% higher than domestic production in the same weeks in 2021, and 24.4% more than in the equivalent weeks of 2020.

CFC seeks Council's approval for a total allocation for period A-183 of 304,278,440 kg live weight.

Sincerely,

Michael Laliberté,
Executive Director
Encl.

c.c CFC Directors

Period A-183 Allocations (June 4, 2023 - July 29, 2023)
Allocations pour la période A-183 (4 juin 2023 - 29 juillet 2023)

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.	29,610,344	721,770	966,926	31,299,040
AB	22,268,179	73,770	5,902	22,347,851
SK	7,218,069	367,500	0	7,585,569
MB	8,795,624	282,975	0	9,078,599
ON	75,629,247	1,775,760	735,674	78,140,681
QC	57,187,200	1,914,734	0	59,101,934
NB / N.-B.	5,840,177	0	0	5,840,177
NS / N.-É.	7,324,629	0	0	7,324,629
PEI / Î.-P.-É.	780,653	0	0	780,653
NL / T.-N.-L.	2,858,161	0	0	2,858,161
CANADA	217,512,283	5,136,509	1,708,502	224,357,294

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.	40,286,182	982,000	1,315,546	42,583,728
AB	30,185,955	100,000	8,000	30,293,955
SK	9,820,502	500,000	0	10,320,502
MB	11,966,835	385,000	0	12,351,835
ON	102,215,498	2,400,000	994,288	105,609,786
QC	77,657,795	2,600,127	0	80,257,922
NB / N.-B.	7,945,819	0	0	7,945,819
NS / N.-É.	9,964,126	0	0	9,964,126
PEI / Î.-P.-É.	1,062,113	0	0	1,062,113
NL / T.-N.-L.	3,888,654	0	0	3,888,654
CANADA	294,993,479	6,967,127	2,317,834	304,278,440