



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

September 21, 2023

Mr. Brian Bilkes
Chairman
Canadian Hatching Egg Producers
21 Florence Street
Ottawa, Ontario K2P 0W6

Subject: Proposed amendments to the *Canadian Hatching Egg Producers Quota Regulations*.

Dear Mr. Bilkes,

At its September 20, 2023, meeting, the Farm Products Council of Canada (Council) reviewed the proposed amendments to the *Canadian Hatching Egg Producers Quota Regulations* as requested in your letter of August 1, 2023.

Following a thorough review of the rationale provided by the Canadian Hatching Egg Producers (CHEP) and internal analysis, Council members were satisfied that there were sufficient grounds and information to conclude that 2023 final and 2024 revised allocations were necessary for the implementation of the marketing plan as contained in the *Canadian Hatching Egg Producers Proclamation*.

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

Sincerely,

Brian Douglas
Chairman



August 1, 2023

VIA EMAIL

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

Re: Prior-Approval of CHEP's 2023 Final and 2024 Revised Allocations

Dear Mr. Douglas,

The Canadian Hatching Egg Producers (CHEP) is requesting prior-approval for its 2023 final allocations and 2024 revised allocations. Enclosed are the provincial quota allocations for 2023 final allocations and 2024 revised allocations in the Schedule to the Canadian Hatching Egg Producers Quota Regulations, which were approved by CHEP on July 13, 2023.

During CHEP's recent Open Board meeting in July, the CHEP Directors reviewed and discussed the latest market information. This year, the Board of Directors conducted a thorough examination of the Advisory Committee's projected chicken production and identified that the estimates were low, primarily due to the adverse effects witnessed in the first two quarters of 2023, which recorded a decline in production levels. The primary root causes of the decreased production were identified as ongoing challenges related to High Pathogenic Avian Influenza (HPAI) and the scarcity of broiler hatching eggs and chicks imported from the US.

However, it is essential to emphasize that the Directors of CHEP express a strong conviction that the obstacles pertaining to HPAI will show significant improvement in the upcoming two quarters of 2023. Furthermore, it is noteworthy to mention that the input provided during discussions strongly indicate that the availability of both broiler hatching eggs (BHE) and chick imports from the US is expected to improve to normal levels for the remainder of the year. Consequently, this will help address the broiler underproduction caused by hatchery supply constraints as witnessed earlier in 2023 and is expected to be largely eliminated for the rest of the year. The broiler underproduction year to date was taken into consideration when considering the market needs for the rest of the calendar year.

On the demand side, there continue to be strong factors supporting growth in the chicken industry, with the main factor being the aggressive immigration expectations, which will significantly contribute to population growth. Despite the emergence of risks, such as high inflation rates for consumers, high input costs for producers, and low economic growth, CHEP Directors expect chicken consumption to continue to grow and remain a favourite choice among Canadians. Therefore, as a result of further discussions,



the CHEP Directors supported maintaining the estimated chicken production figures from March 2023 in order to meet the market demand for the rest of this year. Had the 2023 CHEP allocation been reduced at this point based on the annual chicken production estimate, it would have been as a result of past underproduction and not indicative of the broiler hatching egg demand for the remainder of the 2023 production year.

Following their discussion, the CHEP Board of Directors set the 2023 final allocation based on chicken production of 1,418 million kilograms (eviscerated), which represents growth of 4.8% above actual production in 2022 (1,353 million kilograms). Furthermore, Directors set the 2024 revised allocation based on chicken production of 1,468 million kilograms (eviscerated), which represents growth of 3.5% above the 2023 projected chicken production. The provincial broiler hatching egg allocations were calculated as per CHEP's existing Schedule B.

Based on the preceding rationale, CHEP is seeking prior-approval for its 2023 final allocations and 2024 revised allocations.

Do not hesitate to contact me if you have any questions.

Sincerely,

Drew Black
Executive Director

CC: Guillaume Pasquier, Sectoral Advisor, Farm Products Council of Canada

Encl.